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NEWS SUMMARY

GENERAL

500 in Tube crash escape

About 500 passengers escaped serious injury when a Tube train smashed into the back of another at Holborn. Fifty people were slightly hurt, but only the driver of the moving train was kept in hospital.

The impact hurled passengers to the floor, smashed windows and tore out seats. The driver's cab was compressed to about 12 inches, witnesses said.

London Transport immediately began an inquiry into the crash and investigations were centring on the automatic signalling system in use on the Central Line.

The crash was the worst on the Underground since the Moorgate disaster five years ago when 43 people died and 74 were injured.

Carter meets Hua

President Carter met Chinese leader Hua Guofeng for the first time at a reception following a memorial service in Tokyo for Premier Ohira. Back page

Kennedy vote bid

A U.S. Democratic Party committee rejected a proposal by Senator Edward Kennedy that would allow him to try to attract Presidential convention delegates pledged to President Carter. Page 4

NATO concern

Britain's NATO allies are concerned over the impact of a Government decision, expected soon, to spend up to £5bn on U.S. Trident ballistic missiles to replace Polaris. Parliament, Page 10

Home loans boost

Abbey National Building Society is to more than double its mortgage lending on new homes. Back page

Pope tragedy

Seven people were killed and up to 100 injured in a crush at a football stadium in Fortaleza, Brazil, where thousands gathered to welcome the Pope.

Palace statement

Prince Charles has no plans to marry Princess Marie-Astrid of Luxembourg. The pair have not met "in recent years," Buckingham Palace said in a terse statement.

Zimbabwe clash

Supporters of Zimbabwe Premier Robert Mugabe and Home Affairs Minister Joshua Nkomo clashed in Salisbury and at least two people were injured. Page 3

Militia crushed

Militia of the National Liberal Party in Lebanon is expected to be dissolved after suffering a crushing defeat at the hands of the larger Christian militia, the Phalange Party. Page 3

Mayor welcomed

Thousands of Palestinians gave an ecstatic welcome home in Nablus to Mayor Bassam Al-Shaka who lost both legs in a car bomb blast six weeks ago. Page 3

Menten jailed

Special Dutch court sentenced art collector Pieter Menten, 81, to ten years' jail and a fine of 100,000 (£22,000) for the wartime murder of more than 0 Polish jews. Page 2

Briefly . . .

eposed Shah of Iran was improving after an operation in Cairo.

an who shot a rare giant panda in China and sold its eat was jailed for 18 months.

BUSINESS

Equities up 0.3; £ and $ quiet

● EQUITIES rallied after early falls. The FT 30-share index closed 0.3 up at 493.0. Page 34

● GILTS advanced in late trading. The Government Securities index was up 0.34 to 70.73—its highest point since October 18 last year. Page 34

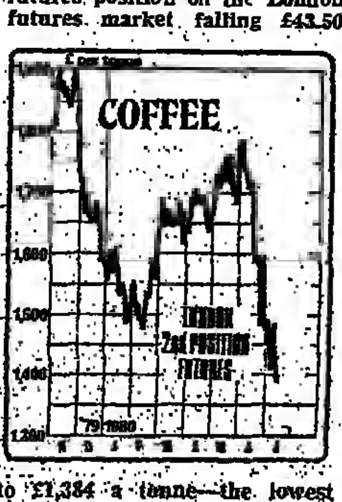
● DOLLAR gained in quiet trading, closing at DM1.7410 (DM1.7405) after a small amount of central bank support. Its trade weighted index was unchanged at 82.8. Page 31

● STERLING fell 5 points to $2.3730. Its trade-weighted index remained at 74.4. Page 31.

● GOLD fell $19 in London, closing at 663.5. Page 31

● WALL STREET was up 4.02 at 901.37 near the close. Page 32

● COFFEE prices continued to decline with the September futures position on the London futures market falling £43.50



to £1,384 a tonne—the lowest level since March last year. Page 33

● SIX West German pharmaceutical companies have had their subsidiaries in Iran taken over by the state. Back Page

● EUROPEAN Parliament finally approved this year's EEC budget and admitted defeat in its efforts to reduce farm spending. Page 2

● CHAMPAGNE exports to the UK in the first five months of this year fell 13 per cent to 3.73m bottles — the first time they have fallen since the 1974 oil crisis. Page 4

● WEST GERMAN Government called on oil producing countries to increase their direct investment in the third world. Page 2

● OIL-FIRED power station in Northern Ireland which has been under construction for the past 16 years at a cost of £300m may remain only half completed because of the price of oil. Page 7

● GOVERNMENT has rejected any major shake-up of the electricity supply industry although the 1976 Plowden committee report recommended changes. Page 7

● SIR DEREK EZRA, chairman of the National Coal Board, urged the Government to ease its break-even target for the state-owned industry. Back Page

● CBI said most pay claims had been settled at between 17 and 21 per cent over the last year. Page 6

● WOMEN'S PAY fell compared with men's and female unemployment increased by 5 per cent last year, according to the Equal Opportunities Commission. Page 9

COMPANIES

● BULMER HOLDINGS, the drinks group, increased pre-tax profit 27 per cent to £3.28m for the year to April. Turnover was up 23 per cent at £49.52m. Page 24

● HOLLAS, the yarns and fibres group, showed a pre-tax profit of £2.02m (£1.54m) for the year to March. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

eas. 13pc 2000		
£30 pd.)	£33¼	+ 1
eas. 13¼pc '04-08	£104	+ 1
unlop	83	+ 4
nner (J. H.)	154	+ 11
rranti	630	+ 11
rris Queensway	152	+ 9
tlas	53	+ 7
L	164	+ 6
nd Securities	350	+ 5
oyds and Scottish	163	+ 5
unho	115	+ 6
ercantile House	272	+ 16
essey	207	+ 8
ansomes Sims	170	+ 8
art Plastics	100	+ 6
ever	500	+ 9
n	144	+ 8
lington (J.)	130	+ 8
Energy	468	+ 18
Candecca	205	+ 9
Charter Cons.	230	+ 18

FALLS

Heywood Williams	60	− 12
Lon. Mid. Inds.	115	− 7
Nurdin and Peacock	154	− 8
Sothebys	545	− 10
Sound Diffusion	69	− 4
Carless Capel	128	− 11
Allstate Expln.	90	− 10
Ashton Mining	134	− 6
Minorco	335	− 15
Monarch Petroleum	50	− 10
North Kalgurli	92	− 7
Northern Mining	135	− 5
Otter Expln.	96	− 8
Poseidon	217	− 6
RTZ	467	− 5
Samantha Expln.	104	− 12
SA Land	453	− 31

Treasury warning to Cabinet today

Government spending far above target

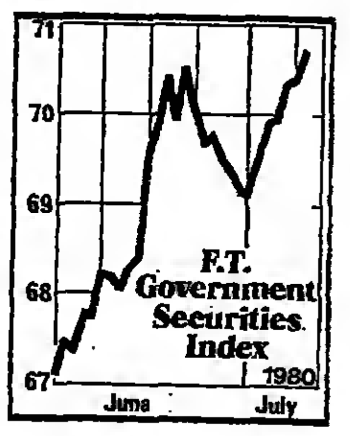
BY PETER RIDDELL, ECONOMIC CORRESPONDENT

THE TREASURY will warn the Cabinet this morning that Government spending and borrowing are well above planned levels so far this year and may continue to be next year.

Treasury figures published yesterday show central Government borrowing between April and June was £4.52bn—nearly half the total of £8.3bn projected in the March Budget for the whole of 1980-81.

This is mainly the result of spending above expected levels, notably by the Ministry of Defence. Serious potential overspending shown by preliminary local authority budgets is not reflected in these figures.

The figures were brushed aside by the gilt-edged market, which was more concerned with the deepening recession and the prospect of a big decline in the inflation rate in the next year. Prices of long-dated stocks, which had been up to £½ lower in the morning, rose strongly in the afternoon to show gains of up to £1½ after the end of normal rtading hours.



Consequently there could be strong demand this morning for the new 12 per cent Treasury 1987 stock, which was undersubscribed at yesterday's tender. All bids were allocated in full at the minimum price of £96.00 per cent.

This early in the financial year, Treasury ministers and officials are anxious rather than openly agitated about the borrowing figures, especially in view of possible distortions to the pattern of expenditure.

Dramatic public action in the immediate future therefore looks unliely. Nevertheless, the Treasury is pressing departments within Whitehall, particularly the Ministry of Defence, to adjust their budgets now.

The Treasury has warned it may call for more corrective action if necessary, including offsetting savings in other programmes, after the summer holidays. In particular, the revised local authority budgets will go to Whitehall by early August.

There are two distinct upward pressures on spending and borrowing. One consists of a failure of control, such as in defence and local authorities, and the other reflects the impact of the recession via an increase in spending on unemployment benefits and a reduction in tax revenue.

So far the main problem has been control, though the recession and an unexpected level of unemployment are the main factors pushing up borrowing estimates for 1981-82.

There has been debate within Whitehall about how big a rise in public sector borrowing caused by a downturn in the economic cycle should be permitted. Some Whitehall advisers argue that such a rise is acceptable in a recession as long as the underlying path of borrowing as a percentage of total national income is consistent over hte medium-term with the Government's financial targets. This is partly because there may be an offsetting fall in bank lending to industry.

The Bank of England told the Treasury and Civil Services Committee of the Commons it was "very hard to see how an increase in the size of public sector borrowing associated with an unanticipated recession could be avoided."

Continued on Back Page

North Sea Revenue projections, and Lex, Back Page

Rhone talks on £193m plant sale

BY DAVID WHITE IN PARIS AND SUE CAMERON IN LONDON

FRANCE'S chemical industry is to undergo a dramatic reorganisation. Preliminary agreements have been reached by Rhone-Poulenc, the biggest group in the sector, to sell off a large part of its heavy chemical activities to two oil companies, the state-controlled Elf-Aquitaine and the local subsidiary of BP.

The assets due to change hands in two deals are valued at a total FFr 1.85bn (£193m) and represent sales of FFr 5.4bn (£563m) or almost one-sixth of the Rhone-Poulenc group's 1979 turnover.

The outcome of the reorganisation is that Elf-Aquitaine gains control of virtually the whole of Rhone-Poulenc's polyvinyl chloride (PVC) production cycle and part of its interests in chlorine and chlorinated solvents.

Its stake will be held through a company in which it will have about an 80 per cent interest. The remaining shares will be held by Rhone-Poulenc.

This subsidiary will also take 50 per cent of Naphtachimie, which is jointly owned by Rhone-Paulenc (57 per cent) and the French subsidiary of BP (43 per cent). BP will increase its Naphtachimie stake to 50 per cent.

Naphtachimie produces petrochemicals. It has worldscale capacity for making ethylene — the building block of the chemical industry — propylene, another base chemical vital for making plastics, and butadiene, used to make synthetic rubber. It also makes plastic materials and a variety of other intermediate chemicals.

Rhone-Poulenc will now concentrate on its specialised chemical business, notably pharmaceuticals, agrochemicals and five chemicals, including rare earths for use by the electronic and glass industries.

In the reorganisation Elf is to pay FFr 1.75bn, most of it—FFr 1.3bn—in cash as sooo as the re-organisation is approved by the relevant authorities. The oil group, whose net profit came close to FFr 6bn last year, is widely expected to make part of its new assets over to ATO-Chimie, which it owns jointly with the other major French oil company, Cie Francaise des Petroles (Total). Such a deal would presumably involve Elf increasing its 50 per cent stake in ATO-Chimie into a majority.

Elf said yesterday it would start talks with Total before the agreement came into effect.

The strengthening of Elf's petrochemical side comes only a few weeks after a memorandum from M. Raymond Barre, the French Prime Minister, urging the group to concentrate its diversification in oil-related areas.

The memorandum also made clear that the Government wanted to reduce its 70 per cent holding and, while keeping its majority, see the group managing itself more like a private-sector enterprise.

M. Jean Gandois, chairman of Rhone-Poulenc, described the changes as "healthy industrial rationalisation," which would free funds for his group to invest in rapid development of downstream activity. The large cash payment from Elf would be used to alleviate the group's pressing debt problem and to extend its current investment programme. The deals marked the end of the group's major divestiture plans, Mr. Gandois said. In the lang term, the group's profit—FFr 791m net last year—should not be affected. The moves follow a build-up of Rhone-Pouleoc's fertiliser interests through the purchase last year of Pechiney-Ugine-Kuhlmann's stake in a joint venture.

He said the deals were consistent with a strategy that involved restructuring the group's problem areas—notably textiles, which are now coming to the end of three years of drastic and costly re-organisation—and concentrating on fine chemicals.

Although the deals are expected to maintain employment overall, some 8,400 employees will be directly affected. The work force of the Rhone-Poulnec group will drop from 70,000 at present to about 63,000.

In the wake of Rhone-Poulenc divestiture, BP is to set up a new chemicals subsidiary in France, called BP Chimie.

The company, which is to be set up by BP Chemicals and Societe Francaise de Petroles (SFBP), will make a range of chemicals including polypropylene. Polypropylene is the only one of the five major plastics materials that BP worldwide does not produce at present.

Captive oil divides industry, Page 28

£ in New York

—	July 9	Previous
Spot	$2.5705-3715	$2.3810-3820
1 month	1.65-1.59 dis	1.69-1.64 dis.
3 months	5.67-5.61 dis	5.88-5.82 dis.
12 months	8.10-7.95 dis	8.25-8.10 dis.

Ford may link with two Japanese car makers

BY DAVID LASCELLES IN NEW YORK AND RICHARD HANSON IN TOKYO

FORD, THE second largest U.S. car maker, which badly needs to improve its performance, particularly in the small car market, yesterday confirmed that it is talking with Toyota and Toyo Kogyo of Japan about a possible joint venture in the U.S.

Apart from adding to the strong links already forged between Detroit and the Japanese car industry, this would be the first such venture to involve Toyota, now the world's second largest car maker after General Motors.

But Mr. Donald Petersen, Ford's president, said that, while his company was studying the idea, it was "far too early to predict the outcome," and that talks have not so far dealt with specific plant sites or models.

The idea was first proposed by Toyota during a visit to Japan last month by Mr. Petersen and senior Ford executives, during which they met Mr. Eiji Toyoda, the Toyota president. Ford says the Japanese company brought up the idea of a joint assembly operation in the U.S. involving the three partners. The Ford team said they would go home and think about it. Toyota is understood already to have informed the Ministry of International Trade and Industry (MITI) that the matter is under consideration.

Although the venture could be significant for Ford, which expects to lose $2bn on its U.S. business this year, the involvement of Toyota could turn out to be the most important aspect of the deal.

Toyota is the only major Japanese car maker which does not have either a financial tie-up with an American company or a production operation in the U.S.

Isuzu Motors is 34 per cent owned by General Motors, and Mitsubishi Motors, is 15 per cent owned by Chrysler. Toyo Kogyo, the third possible partner in the venture, is already 25 per cent owned by Ford, so its involvement in any new Ford-Japanese deal could have been expected. Ford imports Toyo Kogyo's Mazda trucks for sale under its own name.

Nissan Motor, Japan's second ranked car maker, has already announced its intention to build a small truck plant somewhere in the U.S. and Honda Motor is working on a plant to manufacture passenger cars.

Other U.S. car makers yesterday commented that Ford could be interested in the venture because it would enable it both to strengthen its small car technology and benefit from the higher productivity of Japanese methods and equipment.

However, there was also some suspicion that Toyota might have proposed the idea to head of mounting hostility in the U.S. towards the Japanese car makers, who are being asked to curb their imports into the U.S.

There is also some question whether U.S. anti-trust laws would allow a joint venture between the second and third largest motor companies in the world.

THE UK Society of Motor Manufacturers and Traders wants the European Commission to investigate alleged dumping by Eastern Europe, notably the USSR and Poland. Back Page.

BL will sell the Bounty only in the EEC, Page 6

Wages seen as key to job prospects

By Samuel Brittan

THE ATTENTION of Whitehall is shifting from inflation to unemployment, as prospects for prices are seen to be improving rapidly. The key to an unemployment turnround is seen in wage moderation.

The peak July influx of school leavers, with normal seasonal influence and the deteriorating trend will take the unadjusted unemployment figure this month to at least 1.8m.

Treasury studies indicate that, for a given rate of monetary growth, the decisive influence on the unemployment rate is the growth of wages.

Economic Ministers would like to see the public sector cash limits for wages for 1981-82 within the 7 to 11 per cent monetary guidelines.

Chart and Economic Viewpoint, Page 23; Settlements averaging 17 per cent, says CBI, Page 6; Civil Service pay limits, Page 9

Laggers call Monday strike

BY JOHN LLOYD, LABOUR CORRESPONDENT

A STRIKE of insulation engineers at the Central Electricity Generating Board's power stations and construction sites across the country has been called by the engineers' union, the General and Municipal Workers Union, for Monday.

The strike call follows the breakdown of lengthy talks between the GMWU, the CEGB and the TUC aimed at achieving a settlement to the inter-union dispute at the Isle of Grain power station, Kent, construction site.

A meeting of delegates of the engineers, or laggers, has been called for tomorrow. It is expected to express support for the strike, which would involve more than 1,000 laggers, unless the CEGB agrees at the last-minute to a compromise over the Isle of Grain dispute.

Talks on the Isle of Grain dispute have broken down over the re-employment of the 27 GMWU laggers, who were dismissed from the site last year in a row over bonus payments. The TUC compromise formula, backed by the GMWU, has proposed that the 27 are re-employed under the terms of a national agreement between thermal insulation contractors and the GMWU. The CEGB, on the other hand, has insisted that they work under the conditions laid down in a national agreement between mechanical engineering contractors and the craft unions.

Replacement laggers from other unions have been working for the mechanical contractors on the site for the past two months.

A strike at power stations generally would be unlikely to affect electricity supply in the short term, since much of the insulation work is being done on stations which are off-line for extensive maintenance during the summer months.

It is likely, however, that there will be clashes between laggers' pickets and other workers at construction sites, as at the Isle of Grain in May.

Clashes will be more likely if the other craft unions attempt to supply replacement laggers for the striking workers, as their leaders have threatened to do.

Attempts are still being made to avert the threatened action next week. The TUC's finance and general purposes committee, which has been trying to get an agreement in the past six weeks, met until early yesterday morning and is likely to meet again before the weekend.

The laggers have said they will refuse to work under any agreement other than that which guarantees the open-ended bonus schemes which are at the centre of the inter-union dispute. The CEGB is determined to bring craftsmen under a common bonus system.

CONTENTS

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BONN APPEAL OVER OPEC SURPLUSES

Call to invest more in Third World

BY ROGER BOYES IN BONN

THE West German Government yesterday called on oil producing countries to step up their direct investment in developing countries and to recycle some of their surpluses in the Third World.

The appeal was contained in a policy document setting out the goals of West German aid policy which was discussed and approved by the Cabinet yesterday. "The Government is ready to participate in international measures which would direct some of the OPEC surpluses in the developing countries," it said.

Herr Rainer Offergeld, the Development Aid Minister, made clear the Government had not settled on a definitive recycling scheme. However, one plan has been drawn up by Dr. Armin Gutowski, head of the Hamburg Institute for Economic Research, suggesting that OPEC states be offered securities with a real interest rate by matching the level of price increase of industrial goods that the developed world is selling to OPEC.

Funds obtained in this way would be re-invested on the international capital market. Part of these recycled funds should be paid into a fund which would re-lend on relatively easy conditions to developing states or make direct grants to them. Losses would be met jointly by industrialised and OPEC states as part of their development aid.

The idea is being sympathetically considered, not least in the ruling Social Democratic Party (SPD), but Herr Offergeld indicated that the indexation of the offered securities might become a powerful inflationary force.

The advantage of the scheme, which drew high praise yesterday from Herr Wolfgang Roth, chairman of the SPD's development aid committee, is that it minimises investment risk for OPEC countries (losses would on the whole be carried by the industrialised countries) and would encourage them to continue bringing the oil out of the ground.

OPEC states, however, would have to guarantee not to raise oil prices beyond a stated amount annually and meet demand at that price.

Herr Offergeld indicated yesterday that a recycling solution would have to be found if development aid was to have a realistic basis, because of the high indebtedness of oil-dependent Third World countries. Much development aid was simply paying oil bills.

The Bonn Government is to increase official development aid in the 1980s until it reaches the internationally agreed target of 0.7 per cent of GNP. At present it totals some DM 6bn, or 0.44 per cent, though this represents a doubling over the past two years.

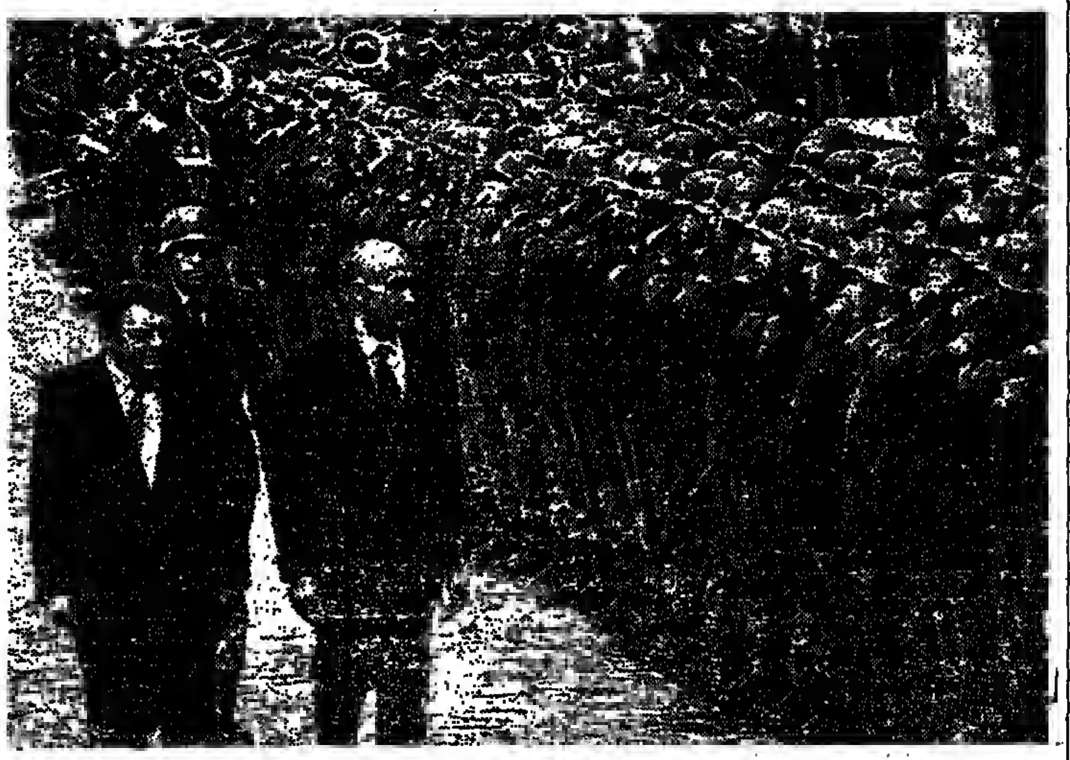
Bonn now identifies two main problems in the Third World: the effects of oil price rises and the population explosion. This translates into increased co-operation in the energy field, in raw materials, and in agricultural and medical support. It also favours lowering tariff barriers against developing countries and more rigorously controlled financial assistance through international bodies.

Strauss warns Giscard on Europe unity

WURZBURG — Herr Franz Josef Strauss, the West German opposition leader, warned visiting President Valery Giscard d'Estaing yesterday that France and West Germany could not build a stronger Europe at the expense of the United States. Herr Strauss made the remark in a speech on the arrival of the French leader in Bavaria right).

M. Giscard d'Estaing, abandoning his prepared text, replied by reaffirming his call for a stronger Europe to play an independent role in world affairs. He made no reference to the U.S.

"Since we are two strong and lively countries, we should correct a historical anomaly to which we have become used . . . the self-effacement of Europe in the world," he said. Reuter



Row over tank clouds Franco-German talks

BY OUR BONN STAFF

FRANCE and West Germany are at odds over a project to develop jointly a new main battle tank for the 1990s. The dispute, with other sensitive defence issues, could well hamper the normally smooth course of the formal Franco-German consultations which begin today.

The central theme of the consultations, coming at the climax of President Valéry Giscard d-Estaing's state visit to Germany — is the Soviet invasion of Afghanistan

This is understood to have dominated private talks this week between the French President and Chancellor Helmut Schmidt and to have been touched upon during brief discussions yesterday involving Herr Franz Josef Strauss, the Opposition challenger to the Chancellor.

While Herr Schmidt and the French President are in essential agreement on world affairs, the two countries are divided on the details of defence co-operation, both in terms of joint weapons development and tactics.

Both countries agreed in February that they would start to co-operate on developing a new tank. But the German defence industry is concerned that the French are profiting disproportionately from Germany's long technological experience in tank-building. It is worried that the French are planning to take too few of the new tanks (1,000 out of a projected 4,000) and believes that the French are seeking too much control over the project. There is also basic disagreement over the design.

Herr Hans Apel, West German Defence Minister, and M. Yvon Bourges, his French counterpart, will meet today, in parallel with the two leaders, to try to smooth out some of the misunderstandings. The fear is that the project, which has taken on symbolic importance, may be stillborn.

Meanwhile co-operation on the plans for a new joint tactical combat aircraft for the 1990s is advancing, despite problems mainly related to rising costs.

The German eagerness to push ahead with weapons co-operation stems from a feeling that France should be drawn closer into the military structure of the North Atlantic Treaty Organisation. The Chancellor last week implicitly welcomed President Giscard d'Estaing's recent statements on increased defence effort, including his plans to develop the neutron bomb.

Other Ministers taking part in the consultations today will include the Foreign, Finance and Research Ministers. The question of how best to expand the European Community and the state of the Community's finances will be on the agenda.

French kidnap victim freed

By Terry Dodsworth in Paris

A FRENCH industrialist, M. Michel Maury-Laribiere, kidnapped 11 days ago, was freed yesterday after police sprung a trap prepared with the co-operation of the family.

No ransom was paid in the rescue which was completed yesterday morning when M. Maury-Laribiere's son travelled to a contact point with the kidnappers in a car which had been linked with police radar equipment. A woman was being held last night in the wake of the rescue and police say other arrests are possible in the near future.

Throughout the affair, M. Maury-Laribiere's son had said the family was ready to pay the FFr 3m (£300,000) ransom, despite official opposition to giving in to kidnappers. It now appears these statements were made to hoodwink the kidnap gang.

M. Maury-Laribiere, a vice-president of the French employers' federation and a distinguished local businessman in western central France, was described as tired but fit after his spell of captivity in a rural holiday home.

● A civil court in Nantes, Brittany, has ruled that the French state must bear 85 per cent of the responsibility for the air crash between two Spanish airliners over western France in 1973, in which 68 people were killed, writes Robert Mauthner in Paris.

The mid-air collision between an Iberia DC-9 and a Coronado of the Spanish charter company, Spantax, occurred during a strike of civilian air controllers, who had been replaced temporarily by military personnel.

The court said the military controllers were mostly to blame for the accident, but that the Coronado pilot was also guilty of "inattention verging on carelessness."

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Italy economic moves split Left

BY RUPERT CORNWELL IN ROME

THE ITALIAN Left, both at union and political level, is deeply split as a result of the Government's deflationary economic measures which have been endorsed by the union leadership but bitterly opposed by the Communist party (PCI).

Particularly exposed is the leadership of the three main unions, including that of the Communist-dominated CGIL, which accepted the package designed to cut consumption by L4,000bn (£2bn) in the coming year in return for the shelving of plans to curtail automatic wage indexation under the "scala mobile" mechanism.

The Communist party, however, has publicly disowned its normal union allies and has carried the case against the measures to the union rank and file. This has accentuated the latent divisions between a relatively moderate union leadership and a more militant shop-floor.

At the same time, relations have touched a new low between the Communists and the Socialists, who as a partner in government were partly responsible for the measures. This comes on top of the previous tensions between the two, following the Socialists' strong showing in June's regional elections.

The Socialists' advance not only strengthened the hand of their leader, Sig. Bettino Craxi, anxious to carve out a role independent of the PCI, but reinforced Communist fears that that their traditional dominance of the Left might be coming under threat.

All these ingredients have contributed to the tension which first boiled over at a union meeting last week in Milan. On that occasion, militants, widely alleged to have been Communists, insulted and manhandled Sig. Giorgio Benvenuto, leader of the socialist-leaning UIL union.

But at a solidarity rally on Tuesday night in the same city, where the Socialists fared exceptionally well in the June vote, Sig. Craxi insisted that his party would not take orders from anyone, least of all the Communists.

The clearest indication of the strength of feeling against the package on the shop-floor will come in the next few days. But already demands have surfaced that the leadership reverse its stance and oppose the measures. Should that happen, the dangers for the coalition Government of Sig. Francesco Cossiga are plain.

19 injured as quakes shake Greece

By Our Athens Correspondent

NINETEEN PEOPLE were injured, seven of them seriously, when three earthquakes shook eastern Greece yesterday. The tremors, measuring between 5.4 and 6.3 on the Richter scale, caused extensive damage.

Police said 225 houses had collapsed and 1,860 more had suffered severe cracks. The coastal towns of Almiros and Nea Anhialos, south of the port of Volos, were worst affected. Disruption of communications made it difficult to assess the full extent of the damage.

The Government sent 1,800 tents, food and medical supplies to help the stricken population which has been advised to remain outdoors in case of further tremors.

The earthquake was felt throughout the country. Athens observatory said its seismographs registered at least 120 tremors of various magnitudes in the area around Volos.

Menten given 10 years

By Charles Batchelor in Amsterdam

A SPECIAL court yesterday sentenced Peter Menten, the 81-year-old Dutch millionaire art collector, to 10 years' imprisonment and fined him Fl 160,000 (£22,000) for his part in the murder of more than 20 Polish villagers in 1941. He can expect to serve four or five years of his sentence when normal remission and time spent in custody are taken into consideration.

The verdict could mark the end of one of the longest and most notorious trials in the Netherlands since the war, although Menten has two weeks to appeal on a point of law. Menten, who is in poor health and has been under house arrest at his villa near Amsterdam, was not in court to hear the judgment.

He was taken to a nearby hospital on the advice of his doctors before being told the court's decision. He will be transferred later to the prison hospital at Scheveningen, the Justice Ministry said.

The court said that while Menten's exact role in the mass murder at Podhorodce, now in the Soviet Union, could not be established, he had pointed out villagers to other members of the Nazi group to which he belonged and legally his guilt had been proved.

Menten has maintained his innocence throughout three protracted trials over the past four years, often conducting his own defence. The Public Prosecutor had asked for a sentence of 20 years.

He was sentenced to 15 years in prison in December 1977, after an unsuccessful attempt to flee to Switzerland but this verdict was quashed because procedural errors had been made. Another court ruled that, in effect, he had been pardoned in the 1950s though this judgment, too, was subsequently overruled by the Supreme Court.

Kaufhof improvement

Kaufhof, the German retail group, had a good start to 1980 showing a considerable improvement against the last year, with five months group sales up 12 per cent, Herr Friedrich Roesch, managing board member, said, without giving figures, Reuter reports from Cologne. Part of the sales rise resulted from increased sales area, he said. If the extra area was excluded, group sales rose 10 per cent, still above planned growth levels.

Europe Parliament approves EEC budget at last

BY WALTER ELLIS IN STRASBOURG

THE BATTLE over the size of this year's Budget ended yesterday when the European Parliament finally voted to approve it. MEPs have admitted almost total defeat in their efforts to reduce the Community's agricultural spending, but have resolved to continue the struggle next year.

The budget totals 17.3bn u.a. (£11.2bn), of which some 72 per cent will be spent on the common agricultural policy. In its original form, the budget was thrown out by the Parliament last December, when a coalition of normally warring factions insisted that less money should be spent on the CAP and more on regional and social development.

But, when the revolt resulted in considerable hardship among farmers, continental enthusiasm for budgetary reform faded and MEPs caved in to the demands of the Council of Ministers.

Just before yesterday's capitulation, the British Labour group, led by Mr Richard Balfe, mounted a last assault by proposing an outright rejection of the terms. The move was defeated by 171 votes to 22, and Mme Simone Veil, president of the Parliament, announced that the 1980 budget had been adopted.

Britain's 63 Conservative members voted with the majority in the belief that further opposition was futile and likely to be seen as mere intransigence.

Almost at once, the wounds of battle forgotten, MEPs rushed to the cashier's office in quest of the 30 per cent or so of their expenses for the past six months which had been held up by the prolonged dispute.

But, even as the dust is settling, the 1981 budget is about to begin its own long march to adoption. Mr. Christopher Tugendhat, the Commissioner for budget policy, today presents his first draft to Parliament. He is expected to propose a budget of just under 22bn u.a. (£14.25bn), an increase of 25.5 per cent on 1980.

The Community's self-financing part of the budget—made up of a proportion of the permitted 1 per cent of member countries' VAT receipts—would come to 20.6bn u.a. The Commission believes this would keep the so-called "own resources" element of the budget within 0.05 per cent of the permitted ceiling. This 0.95 per cent figure compares with this year's 0.72 per cent.

Under the proposed budget, agriculture would receive some 18.7bn u.a., a 12.7 per cent increase, but a smaller percentage rise than in recent years. The social fund, largely concerned with aid for industrial retraining, would be allocated 1bn u.a. and the regional development fund 1.6bn u.a.

USSR to generate 10% of power by nuclear means

BY DAVID FISHLOCK, SCIENCE EDITOR

THE USSR expects to be producing about 10 per cent of its electricity from nuclear power by the end of this year, according to senior Soviet officials with the International Atomic Energy Agency in Vienna.

This is about the same proportion as the U.S., and slightly less than Britain expects to produce in 1980. During the last five years the USSR has tripled the number of nuclear power stations in operation, in a major acceleration of its nuclear construction programme.

It has a total installed nuclear capacity of about 12,000 MW, and plans to increase it to 90,000 MW over the next 10-12 years. These figures were given by Professor L. S. Zheludev, deputy Director General of technical operations, and Dr. L. V. Konstantinov, scientific co-ordinator of nuclear safety standards, in report to IAEA staff.

The USSR has 15 nuclear reactors totalling nearly 14,000 MW under construction. Other Comecon countries have about 3,600 MW of installed nuclear capacity with 9 reactors at present, and plan to expand this to 37,000 MW by 1990. They have 17 reactors totalling over 7,000 MW under construction.

By the end of the century the Comecon countries expect to be obtaining 40-45 per cent of their electricity from nuclear fuel. Nuclear construction plans are based on two reactor types, a pressure-tube reactor unique to the USSR but resembling the U.S. boiling water reactor, and a Russian pressurised water reactor developed originally for its nuclear submarines.

Seven 1,000 MW pressure-tube or "Soviet-type" (RBMK-1000) reactors are operating in the USSR, with another seven under construction, said the officials. One updated reactor of this type and size, designed to produce 1,500 MW—a greater output than any single reactor in the West—is being constructed.

The Russians believe that they can develop their pressure-tube reactor to produce 2,400 MW from a single unit, using nuclear steam superheating. They claim that in this way they could raise the thermal efficiency of the generating plant from 30.4 per cent for the RBMK-1,000 and 31.3 per cent for the RBMK-1500, to 37 per cent for the RBMK-2400.

Norway oil strike threat

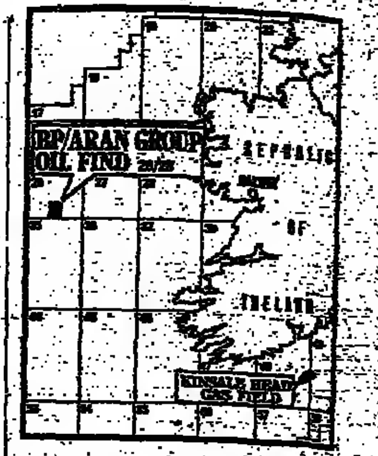
BY OUR OSLO CORRESPONDENT

OIL WORKERS in the North Sea have begun to be laid off as a result of a strike which has closed down production in three fields for a week. About 2,000 Norwegian production workers in the Frigg, Ekofisk and Statfjord fields are involved in a pay dispute. And the situation is likely to be worsened by the threat of a second strike from midnight by oil drilling rig workers.

The action involves 1,500 members of the Norwegian Seamen's Association, who plan to disrupt all Norway's offshore exploratory drilling on 22 mobile Norwegian-owned rigs in the North Sea in the Norwegian and British areas. The strike would also affect companies exploring North of the 62nd parallel for the first time.

Tariff negotiations for the 1,500 seamen and members of the officers' unions working in the North Sea are now in the final stage, and reports say an official mediator has made a last-minute effort to avert a strike from midnight tonight by moving the parties from their previous inflexible stands.

The government has not yet said whether it is prepared to use the compulsory wages board which would automatically make the strike illegal.



Ireland dreams of a little oil

By Stewart Dalby in Dublin

IRELAND'S ATTITUDE to oil and the West's effort to reduce dependence on it was most succinctly summed up in a cartoon in a Dublin newspaper. A man in an Aran island beret sits holding a fishing rod against a background of mountainous seas, another reads from a newspaper about last month's Venice summit of the leading Western industrial countries. "Just our luck, the minute we find oil, they tell us we can't use it any more," the caption reads.

The report by the British stockbrokers Wood Mackenzie that there could be an oilfield of 300m barrels in the Porcupine Trough some 120 miles out into the Atlantic from Galway in the west of Ireland has caused a great stir.

Most countries would like to find oil, but Ireland would like to find it more than most. Ireland has an open economy. It imports more than half of what it consumes. In other words, Ireland's exports have never quite yet caught up with its imports, and there is habitually a balance of payments deficit on current account.

Ireland consumes only 100,000 barrels a day. Yet the price of oil has doubled since the beginning of last year, and, because of restraint on the balance of payments, now acts as a critical bottleneck to growth.

This year, the central bank believes that the oil bill could amount to I£800m (£730m), equivalent to 20 per cent of imports and 10 per cent of Gross National Product.

Ireland has some peat, a little gas and some rough and windy coastline which one day might be used to generate energy. But for the moment, over 80 per cent of its energy is imported, and over 70 per cent of that is oil.

Excess demand

The high cost of oil was a major factor behind a balance of payments deficit last year of I£740m. It was not the only factor. Government spending helped stoke excess demand as did some large pay awards. The government's public sector borrowing requirement last year was nearly 14 per cent of GNP. This year, the idea is to cut the PBSR to 10.4 per cent of GNP.

But the central bank believes that the balance of payments deficit this year will be virtually unchanged, with higher oil prices cancelling out the deflationary measures of the last budget.

The Government might find it has to borrow its way out of trouble next winter, although borrowing will be lower because of recession. It would be easier if the Government could borrow against the certainty of proved commercially exploitable oil reserves.

Ireland has been looking for oil for nearly 20 years. Some 59 wells have been sunk around its shores. All that has been found is a small gas field off Kinsale Head, Cork.

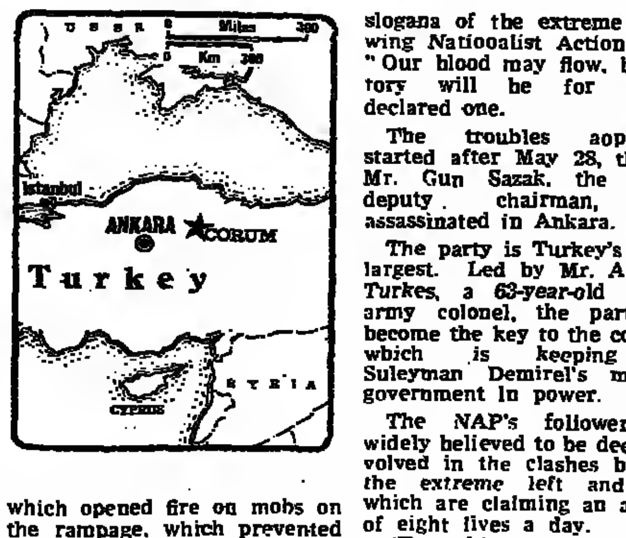
The current hope, which Government Ministers cautious optimism, but is euphoria to punters in shares, rests on the Aran Energy/BP consortium search in the Porcupine. Last year this group, in which BP is the operating company, tested a well in the 26/28 block which flowed at a rate of 5,500 b/d. Partly on the basis of this flow, Wood Mackenzie reported that the field could, and the operative word is could, contain 300m barrels.

This would mean self-sufficiency in oil for ten years, possibly from the mid-1980s, a huge bite out of the import bill and revenues to the government of as much as I£600m from royalties and taxes, and the maximum 50 per cent equity which the Government can take. In comparison just over I£700m was raised by direct taxation in the last budget.

Yet the field might be too costly to exploit. It might contain no more than a "string of pearls," that is isolated pools of oil. The Aran/BP find was also in 1,200 feet water, more than twice as deep as the deepest North Sea well, and is 120 miles from the shore where weather can be fearsome.

Politics embitter ancient sectarian enmity in Turkey

BY METIN MUNIR, RECENTLY IN CORUM



A YOUNG Alevi woman sat in the car clutching a dead chicken to her bosom and sobbing. "They've burned down our house," she cried. "Our neighbours have burned down our house."

Her husband, dirty and unshaven, pointed at a pile of clothing in the back seat and said, "This is all we were able to save."

He cursed and drove towards Milonu, the district where Corum's Alevis took refuge after they were attacked by Sunni mobs last Friday. At least 22 people, most of them Alevis, were massacred in the violence which ensued. Armed civilians erected barricades as the peace of centuries between the town's Sunni majority and the Alevi community came to an abrupt end.

The Alevis are a branch of the Shi'ite sect of Islam. They make up 8-10m of Turkey's 45m population and lean towards the political left. Most of them live in the belt of provinces which stretch east and north of Ankara. Corum itself is 260 kilometres north-east of the capital.

The religious hostility of Sunni and Alevi lay dormant for 500 years. But since the polarisation of Turkish politics and the wave of terrorism of the late 1970s, the extreme political left and right have exploited this ancient enmity. In December 1978, 107 people were killed in the town of Kahramanmaras in clashes that were both sectarian and political in inspiration. This led to the imposition of martial law under which half of Turkey's population still lives.

The couple in the car were probably the last Alevis in Corum, a market town with around 50,000 Sunnis and 20,000 Alevis, to have deserted the Sunni districts for the safety of Milonu.

Other Alevis could not make it.

At the state hospital overlooking the prosperous town, soldiers unloaded the bodies of six men and a woman from an army lorry. They were Alevi peasants in tattered clothes, trapped by Sunnis while loading their household goods into a cart to escape to Milonu. They were dragged to a wheat-field outside the town, tied together and shot from such close range that their faces were black with gunpowder.

It was only the Turkish army, which opened fire on mobs on the rampage, which prevented large-scale bloodshed. "If the army had kept out, we would have wiped out all of the Alevis," said a Right-wing Sunni militant. "There will be no peace until we do."

He was speaking in the market place. The Sunni shops were intact but the Alevi-owned shops had been destroyed. Alevi homes in the Sunni districts were also destroyed and looted. The districts were dotted with slogans of the extreme Right-wing Nationalist Action Party. "Our blood may flow, but victory will be for Islam," declared one.

The troubles apparently started after May 28, the day Mr. Gun Sazak, the party's deputy chairman, was assassinated in Ankara.

The party is Turkey's fourth largest. Led by Mr. Alpaslan Turkes, a 63-year-old retired army colonel, the party has become the key to the coalition which is keeping Mr. Suleyman Demirel's minority government in power.

The NAP's followers are widely believed to be deeply involved in the clashes between the extreme left and right which are claiming an average of eight lives a day.

"Everything started after Sazak was killed," a Sunni shopkeeper in Corum explained. "The NAP boys decided to teach the left a lesson but they could not raise popular support. So they decided in turn it into a religious battle. They succeeded. I am afraid this will continue and spread to other towns."

Mr. Demirel and Mr. Turkes have blamed the incidents in Corum on "Communists and traitors." There are certainly many Communists among the Milonu Alevis. But there was clearly considerable provocation from the NAP and, once the riots started, they turned into a massacre of Alevis. The NAP which enjoys support in the police and the local administration, has now established its hegemony over Corum. Such is the fear among the Alevis, that some with wounds dare not go to the state hospital in the Sunni district.

On the Sunni side, right-wing militants are forcing neutral people to take part. A civil servant said that his wife was visited by militants who demanded to know why her husband was not at the barricades. "What could I do," asked the man.

Slowly, the ties which are binding Turkey together are being severed by political extremists. That the state appears unable to bring to heel. Poor are being driven against rich, Alevi against Sunni, Kurd against Turk, worker against boss, son against father. The rifts are widened by poverty and economic chaos which the West is trying to repair by large volumes of aid.

In Ankara, the politicians seem as divided and full of hatred as the people of Corum. As the country slides towards civil war, they seem like passengers on a sinking ship quarrelling about cabins.

Mr. Demirel appears for the moment to need Mr. Turkes and the extreme right, but Corum has shown, the NAP is a force to be reckoned with in its own right.

Mr. Bulent Ecevit's democratic party, the main opposition, is in something of a shambles and unable to influence the extreme left. Mr. Ecevit's own prestige as a national leader was dissipated in his unsuccessful two years in power which ended eight months ago.

The Turkish army watches events with ever-growing anxiety but the generals have, so far, shown no inclination to do away with the politicians. The social and economic fabric has, in any case, so disintegrated that there is little they could do with it.

A lorry passed by carrying the household goods of a family leaving Corum. "Those who can sell or are able to afford it are getting out," said the shopkeeper. "There is no future here any more."

A growing number of Turks feel the same about the whole country.

Chamoun militia crushed in Lebanon fighting

BY IHSAN HIJAZI IN BEIRUT

THE MILITIA of Lebanon's National Liberal Party, which until now has been the second largest Christian force in the country, is expected to be dissolved after its crushing defeat in two days of fighting this week with the larger Christian militia belonging to the Phalange party.

Former President Camille Chamoun, the Liberal Party leader, was reported yesterday to be considering the disbandment of his force. Mr. Chamoun, now 80, has been negotiating on next moves with the Phalangist leaders. Mr. Bachir Gemayel, the Phalangists' military chief, wants to merge all militias in the predominantly Christian areas into one force to be called "the National Guard."

The commander of the Liberal militia, Dany Chamoun, younger son of the former president has been driven out of his strongholds in the eastern mountains and has taken refuge with his family east of Beirut. He said in an interview that he would have nothing more to do with the Phalangists and would be ready to live in predominantly Moslem west Beirut if the forces there would let him.

Liberal Party militiamen who held out after the initial Phalangist offensive launched on Monday have now surrendered and handed over their offices and barracks to Phalangist fighters on the instructions of the former President. Their submission has brought an end to the fighting in the Christian areas.

According to the latest casualty figures about 100 people died in the fighting and well over 500 were wounded. According to Dsny Chamoun, the Phalangists insisted on burying the dead in mass graves, not allowing their families to see them. Saving the lives of his followers is said to be uppermost in the mind of Mr. Camille Chamoun. Although he has suffered a crushing defeat, there is a great deal of sympathy for him in Christian areas and he still commands a considerable political following.

The 48-hour offensive by the Phalange leaves it the predominant power in most Christian areas. Part of northern Lebanon remains under the control of former President Suleiman Franjieh and his Maronite supporters who have been locked in a blood feud with the Phalangists since Franjieh's eldest son, Tony, was murdered two years ago.

It is feared that the tightening of control in Christian districts by Phalangist militants could provoke a backlash in Moslem regions and undermine efforts at national reconciliation.

The situation was a main topic at the weekly session of the Cabinet under President Elias Sarkis. The Government has been urged by Parliament to send in the Lebanese regular army to the troubled areas, but such action is unlikely.

In predominantly Moslem west Beirut, fighting broke out briefly on Tuesday night between two rival left-wing factions. A left-wing coalition has been trying to close militia and Palestinian guerrilla offices in Moslem quarters in an effort to ease tension.

Nablus mayor home to hero's welcome

BY OUR TEL AVIV CORRESPONDENT

THE MAYOR of Nablus, Mr. Bassam al-Shaka, who lost both legs in a car bomb attack last month, returned home yesterday from medical treatment in Jordan to a jubilant welcome from his fellow townsfolk.

With Israeli troops watching from the sidelines, town leaders slaughtered five sheep in ritual Moslem sacrifices and sprinkled the blood over the roof of the ambulance that brought Mr. Shaka back to Nablus on the occupied West Bank of the Jordan.

Mr. Shaka crossed the Allenby Bridge into the West Bank, urged on from the Jordanian side by the shouts of two other Palestinian mayors who were expelled in May by the Israelis, Mr. Fahd Qawasme of Hebron and Mr. Mohammed Milhem of Halhoul. The mayor told a cheering crowd: "I have come home to lead my people."

Like other West Bank mayors, Mr. Shaka has been warned by the Israeli occupation authorities to confine himself to municipal duties and to avoid politics.

Israeli troops prevented other West Bank mayors from visiting Nablus for the return ceremony. Few outsiders, apart from journalists, were allowed to enter the town. Mr. Shaka said he might go to Britain or France net month to be fitted with artificial legs.

The attack on Mr. Shaka was attributed by many to Jewish extremists. A second mayor, Mr. Karim Khalef of Ramallah, lost a foot in a similar bomb attack and a third, Mr. Ibrahim Tawil of Al Bineh, narrowly escaped injury.

L. Daniel adds: New deflationary policies advocated by Mr. Yigal Hurvitz, the Israeli Finance Minister, are expected to be implemented shortly.

The Manufacturers' Association is negotiating with the Treasury and the central bank on the extent of new credit restrictions and possible rises in financing costs which, manufacturers claim, will reverse tha positive trend in exports recorded in the first half of the year.

Clashes mark widening Mugabe-Nkomo rift

BY OUR SALISBURY CORRESPONDENT

RELATIONS BETWEEN the Mugabe and Nkomo parties in Zimbabwe's coalition Government took a further turn for the worse yesterday, when supporters of the rival parties clashed in the streets of Salisbury.

Two men wera injured in fist-fighting which broke out after 200 of Mr. Joshna Nkomo's Patriotic Front supporters demonstrated peacefully outside Parliament to demand the dismissal of the Finance Minister, Mr. Enos Nkala.

In two recent speeches Mr. Nkala has angered the Nkomo faction by calling for the establishment of a one-party state and threatening to "crush" Mr. Nkomo, the father figure of Zimbabwe nationalism.

After the demonstration outside Parliament Mr. Nkomo's supporters moved to the headquarters of Mr. Robert Mugabe's ZANU-PF and it was there that the fighting broke out.

Although the incident waa a minor one, it reflects the widening rift and worsening relations within the gnverning coalition. Factional fighting could spread to the assembly camps where some 32,000 former guerrillas are becoming increasingly restive as they await retraining or resettlement. Two thirds of the ex-guerrillas are loyal to Mr. Mugabe and the rest support Mr. Nkomo.

'Islamic autonomy' offer to Kurdish dissidents

BY PATRICK COCKBURN IN TEHRAN

KURDISH REBELS have been offered "Islamic autonomy" by an emissary of Iran's President, Mr. Abol Hassan Bani-Sadr. The move is aimed at ending the simmering rebellion in Iran's western region.

Dr. Abder-Rahman Qassemlou, leader of the main Kurdish organisation, the Kurdish Democratic Party, said yesterday the offer had been made by Mr. Bani-Sadr's envoy, Ayatollah Yahya Nouri. He has been in intermittent contact with Kurdish leaders for the last two months.

The Iranian army has not launched any significant attacks on the Kurdish guerrilla areas since the fall of the town of Baneh close to the Iraqi border after heavy fighting at the end of May.

Nearly all the countryside and some small towns remain under rebel control while Government forces hold the main population centres and key roads.

Most of the fighting by Iranian military units has been carried out by Revolutionary Guards. In Sandandaj, the provincial capital of Kurdistan which is south of the main area of KDP control, four Revolutionary Guards were executed on Tuesday. This was in retaliation for the execution of four Kurdish guerrillas.

The tit-for-tat executions followed a Kurdish demonstration in Sandandaj last week which was broken up by revolutionary guards. The guards have also suffered heavy casualties in fighting further south and close to the Iraqi border at Qasr-e-Shirin. They lost 19 dead in one ambush at the beginning of the month.

Party anniversary gives Peking little to celebrate

BY TONY WALKER IN PEKING

THE CHINESE Communist Party was 59 years old last week, bnt it had little to celebrate. Indeed it has much to be concerned about.

The Communists who swept all before them in their triumphant march to power a little more than 30 years ago are facing a serious crisis of confidence in their rule.

The restoration of stability after the turbulence of the Cultural Revolution, the purging of so-called "ultra-leftists" and a number of economic reforms appear to have gone only part of the way towards persuading Chinese that things will get better. For they have been made cynical by empty promises and fabricated stories of great achievements.

Widespread disillusionment shows itself in the recalcitrance of young people, in the sluggishness of officials to carry out basic reforms and in the apparent desire of some of China's more talanted people to get out of the country at all costs.

Sitting on top of these problems is a party whose arteries have hardened, whose vitality has dimmed and whose ability to purge itself of negative elements is open to question.

Grave doubts are expressed about the man who was the party'a founder and Inspiration through its first balf century. The continuing debate about Mao Tse Tung both inside and outside the party can only add to its difficulties. Pre-occupation with the past is nnt a good recipe for dealing with the future.

Recognising its task, the Communist Party bas, in recent weeks, mobilised its propaganda organs. The message to the people is simple: Have faith in your leaders, for they know the way and have Marxist-Leninist-Maoist scriptures to guide them.

The People's Daily, the Communist Party newspaper, recently ran three block-buster articles which tackled the apparent loss of confidence in socialism or, at least, Marxist-Leninist and Maoist thought.

Mr. Deng Liqun, vice-president of the Chinese Academy of Social Sciences, effectively a "think tank" for the Communist Party's central committee, wrote in a commentary titled "The Voice of Truth Cannot be Silenced" thst it was nnderstandable some ynung people had "doubts about the superiority of the Socialist systems" and did not have confidence in Communist and Socialist ideals.

There were even some Communist-Party members, Mr. Deng said, who started having doubts about the system after the Cultural Revolution of the late 1960s. These comrades, he said, showed no enthusiasm for the ideals of Socialism and Commuhism.

Mr. Deng says the faithful are wavering. Where dnes this leave the millions, perhaps hundreds of millions not at all committed to the Communist Party, and, in fact, downright hostile to it after tbe excesses of the Cultural Revolution?

The Chinese leadership recognises there is a problem and it must restore confidence in its promises to modernise Chinese industry and improve the standing of living for the masses.

Mr. Deng Xiaoping, the Senior Vice-Premier and China's driving force, warned in an important speech to thousands of leading officials in the Great Hall of the People, on January 16, that the success of the modernisation drive was crucial if the Communist Party was to regain the respect of the people, not to mention its own self-esteem. This was buffeted by the years of turbulence from 1966-76 when Mr. Deng himself was purged twice and Mr. Liu Shaoqi, the party's former head of state, died a pathetic death after being hounded from office by the Maoists.

The recent posthumous rehabilitation of Mr. Liu and the publicity given to his best known work, "How to be a Good Communist," is an element in the attempt to restore a sound moral basis for the party.

Mr. Liu's work emphasises selflessness and devotion to the Communist cause. The flouting of these principles, as large number of party officials bave used their position to further their interests, appears to have a prime cause of the party's debilitation and the populace's manifest cynicism about party rule. Sucb abuses may be so deep as to defy being rooted out.

Vice-Premier Deng perbaps gave the lead to the propaganda campaign when he said in January that the party must forcefully correct the idea among young people that socialism is inferior to capitalism.

"We must and can increase production to prove the socialist system is superior to the capitalist system," he said.

But tangible evidence of the effective operation of the system is probably needed more than grey commentaries in tha People's Daily extolling the virtues of socialism.

That the party, if not rattled, is at least deeply concerned about the difficulty it is having getting its message across: is shown in its stern reaction to challenges to central ideology.

The so-called "Democracy Movement" of 1978-79 was quickly crushed. The leadership, no doubt, concluded that it bad enough problems without having to cope with a group of disaffected youths espousing a rival ideology.

But none of the party's problems are so serious as the decay within its own ranks. Among its 38m members are a large number admitted during the Cultural Revolution wben it was considered more important to be red than expert. During those years the party almost doubled in size and becama unmanageahle.

The party's disciplinary committee is now reviewing membership and may eventually purge officials not considered in tune with present thinking.

There is little doubt that Vice-Premier Deng, the thoroughgoing party professional, wants to leave a well-organised and bealthy Communist Party as his monument wben he retires, as he says he will, in 1985.

FOUNDING FATHERS: Mao (left), now doubted; Liu (centre), rehabilitated; and Deng (right), anxious.

AMERICAN NEWS

Carter victory over voting at Democratic convention

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

Senator Kennedy . . . future ambitions could be dented

PRESIDENT JIMMY CARTER has won an important tactical victory over Senator Edward Kennedy in advance of next month's Democratic Party convention in New York, but appears to be no closer to bridging the deep divide separating the two Presidential contenders.

On Tuesday night the party's convention rules committee responding to tightly imposed disciplines, threw out a Kennedy challenge which, if it had been successful, could have turned the convention into a wide-open affair, shortening the odds against the Senator's nomination.

Mr Kennedy has sought to invalidate the rule under which delegates to the convention are bound for the first ballot to the candidate to which they have previously been pledged. Mr Carter has a lead of about 750 in the delegate contest and only by freeing the delegates to do what they want can the Senator expect to reverse his numerical inferiority.

The full convention will still have the opportunity to vote on the rule at the start of its deliberations, and the often bitter debate in the committee foreshadows a sharp confrontation in New York.

The Kennedy forces claim that many Carter degates would willingly defect from the President if they were free to do so, a contention sharply rejected by Mr Carter's aides. They argue that there is no evidence that a single delegates will switch, let alone the nearly 400 needed for the Senator to carry the day.

But if the outcome in the committee was pre-ordained, the exchanges between the two sides amply demonstrated the depth of antipathy between supporters of the President and the Senator.

Mr. Carter's adherents charged that the Senator was intent on destroying the party and handing the election over to Mr. Ronald Reagan, the presumed Republican candidate. The Kennedy camp argued that the President simply wanted to turn the convention, which ought to be deliberate, into a "robot-like" session.

If this were not enough, over on Capitol Hill, the Senator himself was criticising the Administration's energy policies, complaining that failure to hold down the cost of oil was biting deeply into the pockets of the poor and the elderly.

Even at a practical level, it is becoming increasingly clear that simple communication between the Carter and Kennedy camps is minimal. This is likely to make it all the more difficult for the losing candidate to promise to support his conqueror's election campaign for the good of the party and the nation.

Mr. Carter's prospects in the general election would be seriously damaged if Mr. Kennedy were to sit on his hands and encourage his supporters to do the same, or to vote instead for Mr. John Anderson, the independent candidate.

But Mr. Kennedy must also know that any ambitions for 1984 and beyond could be dented if he is perceived as the man who saddled the country with Mr. Reagan—or who connived at Republican control of at least one house of Congress—in the eyes of many regular Democrats.

Unlike his two late brothers, who were both quintessential politicians, Mr. Kennedy is a mixtures of ideologue and politician. The former characteristic militates against accommodation with Mr. Carter, while the latter may, in time, work the other way. But there is no hard evidence to date that the Senator is willing to offer the President an olive branch, and those around him are probably even less inclined to make a deal.

Anderson in Jerusalem

JERUSALEM — Congressman John Anderson, the outsider U.S. Presidential candidate, met Israeli opposition leaders yesterday to hear how they would approach the problems of Middle East peace on returning to power.

The Illinois Congressman was assured that there would be no change in Israel's insistence on retaining control over Arab east Jerusalem. "I told him there was no difference on this score between the Government and the opposition," Mr. Shimon Peres, the Labour Party leader, said.

Since he arrived here, Mr. Anderson has been hearing complaints about the failure of U.S. to veto an anti-Israel resolution on Jerusalem last week in the UN security council. An editorial in the newspaper Ma'ariv denounced the U.S. abstention as "hypocrisy incarnate."

Mr. Anderson also met former Prime Minister Yitzhak Rabin, Mr. Peres's chief rival for leadership of the Labour Party.

● Earlier in the day Mr. Anderson's car was involved in a collision with an Israeli car at a crossroads. Alarmed bodyguards leapt out tugging at pistols, but Mr. Anderson climbed unruffled into another car and proceeded on a visit to Mr. Yitzhak Navon, the Israeli President.

Reuter

U.S. concern at gas price in Norway

By Our Oslo Correspondent

U.S. OFFICIALS are challenging the Norwegian Foreign Ministry and the Oil and Energy Ministry about the Norwegian price for natural gas, which under a contract from the Ula field where British Petroleum is the operator, has been raised for the first time to parity with oil.

The contract was negotiated by the West German company Gelsenberg, a subsidiary of BP, and the Norwegian State-owned company Statoil.

Mr. Egel Helle, of the Norwegian Oil and Energy Ministry, yesterday confirmed the agreement on price in the contract.

U.S. officials have stressed the importance of reducing the dependence of industrial countries on oil and of stimulating the use of natural gas. This change will take place more quickly if the price of gas is kept lower than the price of oil, they argue.

Electricity rationing in Mexico City

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO's industrial output could show a decline this month as a result of severe electricity rationing introduced last week in the capital.

The cuts were made because a severe drought has caused the level of hydroelectric dams to fall considerably. The Federal Electricity Commission also says that there are technical problems with some generators.

Industry in Mexico City and the surrounding area, where about 50 per cent of the country's companies are based, has been asked to exercise restraint and close for one day a week.

So far the rationing is voluntary but the Government has warned that if industry does not pull its weight, stricter measures could be taken.

GM sets economy target

DETROIT — General Motors said *yesterday that it is committed to achieving* a fuel economy average for its cars of 31 miles per gallon by 1985, with a fully redesigned range of U.S. cars.

GM also disclosed that it is planning to introduce a small electric car powered by zinc-nickel oxide batteries as a 1984 model. At a Press briefing the company displayed two experimental two-passenger cars.

Mr. E. M. Estes, GM's president, said the two vehicles could achieve 49 and 37 miles per gallon in combined city and *long distance driving.* While the two units were not scheduled for production, he said, they "point the direction GM is going." He projected that four-cylinder engines will be used in 60 per cent of GM's cars by 1985, virtually displacing the V-8, which accounted for about 60 per cent as late as 1979.

Mr. Estes said that by 1985, GM expects all of its cars to exceed 20 miles per gallon and 50 per cent to exceed 30 miles per gallon.

AP-DJ

WORLD TRADE NEWS

Champagne exports to Britain decline

By David White in Paris

CHAMPAGNE exports have been on the decline this year—especially to Britain—for the first time since the 1974 oil crisis. But industry representatives in the Champagne region are uncertain about the extent to which the drop indicates a fall in demand and to what extent it reflects restraint in companies' sales policy in a bid to preserve inadequate stocks.

Exports in the first five months of this year were 20.2m bottles, more than 5 per cent below the level of the same period last year.

However, a recovery in the French market, where shipments rose by nearly 4 per cent to 42.8m bottles, left the overall shipments figure a fraction above last year's level of 62.6m bottles by the end of May.

Total shipments last year were 1 per cent down at 184m bottles, following a disastrous 1978 harvest which led to expectations of a much bigger drop. The drop was felt in the French market rather than in exports, which rose by 3 per cent to 55.8m bottles.

Cool and wet weather conditions so far this summer augur poorly for this year's harvest, and the champagne business is badly in need of another bumper crop like 1979's to bring stocks back to normal levels. Three year's supply in stock at the start of harvesting is considered ideal.

Britain lost its place as the main foreign client for cahmpagne in the first five months, pipped by Italy. UK imports dropped by nearly 13 per cent to 3.73m bottles, while Italy's spurted by almost 26 per cent to 3.97m.

U.S. imports, which reached a record 7.8m bottles last year, climbed again by more than a quarter between January and May. West German imports also rose, while Belgium's fell sharply.

In spite of the stagnation in sales, champagne companies' profits are still improving, with prices having overtaken the general inflation rate since last summer. This year prices are generally expected to keep in line with inflation—forecast at 13 per cent—but much will depend on the grape prices agreed on at the start of harvesting. This is not now expected to take place before the second week of October.

Venezuela to buy Canadian Telidon system

By Victor Mackie in Ottawa

VENEZUELA has decided to purchase Canada's Telidon electronic information system to carry a $C750,000 public information service in Caracas.

This is the second time in a month that Canada's two-way television system has been selected over international competition in a major foreign sale.

Telidon allows users to draw information along telephone lines from computers and electronic libraries to the screen of a modified television set.

Early in June a group of U.S. national agencies in Washington, including the Public Broadcasting System, the Federal Department of Health and Welfare and the Smithsonian Institute chose Telidon for the first big U.S. test of the retrieval service. That sale amounted $C475,000.

In both deals, Canada beat British and French competition. Canada's Federal Communications Minister, Mr. Frances Fox, said the Venezuelan deal was another major boost for Canada's electronics industry.

Tough Third World stand on textiles

BY BRIJ KHINDARIA IN GENEVA

INDIA, on behalf of all developing countries, yesterday told the textiles committee of the General Agreement on Tariffs and Trade (GATT) that the Third World is determined that the "reasonable departure" clause should not become a permanent feature of the multi-fibre arrangement (MFA).

This clause permits any country to completely halt growth of textile and clothing imports if they damage the interests of local producers. The clause was included in the MFA on the understanding that it would be used *only* by the EEC against imports from very dynamic Third World exporters such as Hong Kong, South Korea, Taiwan and Brazil.

However, a study prepared for GATT shows that the clause has been used by almost all industrialised countries, including the Scandinavians, Canada and the U.S., to impose various kinds of restrictions against textile imports from a large group of developing countries.

This has provided ammunition for developing countries whose main argument is that the current MFA's "reasonable departures" clause helped industrialised countries to increase textile and clothing trade among themselves by 24 per cent compared with only a 12 per cent increase in trade with developing countries belonging to the MFA. Meanwhile, industrialised country trade with developing nations outside the MFA increased by 26 per cent.

The Third World nations argue that the "reasonable departures" clause was never meant to promote trade expansion among industrialised countries. It was meant only to help ailing industries which now appear to be healthy.

Almost all industrialised countries argue however that it is too early to draw conclusions about the impact of the "reasonable departures" clause. The EEC insists that it must continue to have the right to curb imports for as long as it wishes, even if that means several years.

This view was backed by Sweden and other Nordic countries while the U.S. is still preparing its stand for the MFA renewal negotiations. Its position is complicated by the fact that it is now becoming the most competitive industrialised country exporter of textiles and clothing, selling even to Hong Kong and Taiwan.

The U.S. success has opened the possibility that the "reasonable departures" clause might be used by European countries against its exports. This has raised Third World hopes that the U.S. will take a more liberal position in the renewal talks which should begin by the end of this year.

EEC to probe dumping complaint

BY GILES MERRITT IN BRUSSELS

THE FIRST in a promised "tidal wave" of anti-dumping complaints being prepared by EEC chemical producers against their U.S. competitors has now been accepted by the European Commission as the basis for a special investigation.

The Brussels Commission said yesterday it is launching a full-scale anti-dumping procedure to establish whether vinyl acetate monomer produced in the U.S. is being sold onto EEC markets at between 19 and 39 per cent less than U.S. domestic prices. The petrochemical product is used chiefly in the paint and adhesive industry.

The investigation follows a complaint, prepared by CEFIC, the Brussels-based federation that groups EEC chemicals producers, alleging that dumping has helped the U.S. industry boost its European sales of vinyl acetate monomer by 58 per cent last year over 1978, and so gain 22.6 per cent of the "non-captive" EEC market.

Last month, CEFIC disclosed that as many as 18 separete dumping complaints are being urged upon it by the European chemical industry to stem imports that are flooding in mainly from the U.S.

A senior federation official said that at the head of this tidal wave of complaints being prepared were products associated with vinyl acetate monomer, phenol and monomer styrene.

Korea and UK discuss air links

By David Dodwell

BRITISH AIRWAYS and Korean Air Lines (KAL) may be flying directly between London and Seoul within a year, a KAL official said in London yesterday.

Detailed flight arrangements are to be finalised in November in Seoul, with representatives of Korea's Foreign Ministry and Transportation Ministry joining KAL advisors for talks with Britain's Civil Aviation Authoriy and British Airways.

Agreement in principle to establish direct air links was reached a month ago after talks in London.

KAL at present flies twice a week to Zurich and three times a week to Paris. It has no other European destinations. British Airways flies no closer to Korea than Tokyo. However, Cathay Pacific, technically a British carrier, will have aircraft linking Hong Kong with London and Seoul from July 16.

Michael Donne, Aerospace Correspondent, writes: De Havilland Aircraft of Canada has won orders for 73 of its new twin-engined 32-36 passenger Dash 8 airliner, which is complemenetary to the four-engined 50-seat Dash 7.

So far, 21 airlines and other operators have signed letters of intent to buy the Dash 8 since the first order was announced in April. U.S. customers account for 51 Dash 8s, Canadian customers for 13 and the rest will go overseas.

Scheduled to make its maiden flight in 1983, the Dash 8 will enter service in mid-1984. Prototype production will begin towards the end of this year at DHC's Ontario factory.

Nissan to revise Taiwan plans

TAIPEI — Nissan Motor, one of the applicants attempting to set up a joint venture car assembly plant in Taiwan, is expected to submit revised plans to the authorities here in the next few days.

Announcing this, Mr. Richard Koo, Nissan's local investment representative, said the company will propose bearing 45 per cent of the total cost, an expected $400m (£168m). Ten to 15 per cent would be borne by government enterprises and the remainder by private investors in Taiwan.

Under the revised proposal, Nissan would achieve its goal of producing 200,000 cars a year annually about six years after starting operations instead of the originally planned eight years, Mr. Koo added.

He declined to disclose which local concerns would participate in the joint venture.

Mr. Koo said Nissan had recently completed a survey of Taiwan's motor parts industry, which showed parts makers would need to invest $300m to replace and update production facilities to keep pace with the fast development of the motor industry.

Reuter

'More joint venture laws' in China

TOKYO — Further laws on joint ventures in China could be enacted at the next National People's Congress in August and September, according to Professor Jerome Cohen, of Harvard University.

Dr. Cohen, speaking on the present state and prospects for Chinese-foreign joint ventures said the proposed laws would cover corporate tax, personal income tax, foreign exchange control and corporate organisation.

He said there is growing recognition in China that, if joint ventures with outside interests were to be increased, then certain recognised basic conditions would also have to be accepted.

Dr. Cohen, a consultant for foreign businessmen operating in China and for the Chinese Government, said he expected patent and trade-mark registration laws to be prepared soon.

Under the joint venture code, adopted by the National People's Congress in July last year, foreign companies, enterprises, other economic entities or individuals are permitted to incorporate themselves as limited liability companies into joint ventures "with Chinese companies, enterprises or other economic entities" inside China.

According to the code, minimum foreign participation cannot in general be less than 25 per cent. Reuter

Shipping report refutes 'open market' claims

BY WILLIAM HALL, SHIPPING CORRESPONDENT

MOVES TOWARDS the introduction of cargo sharing in dry bulk shipping have increased following the publication of a controversial report by the Secretariat of the United Nations Conference on Trade and Development (UNCTAD).

The report, on the control by transnational corporations of dry bulk cargo movements, strongly attacks claims by the developed countries that the dry bulk shipping markets are completely open and highly efficient.

It claims that two-thirds of world seaborne movements of iron ore and an even higher proportion of the trade in bauxite/alumina are controlled by transnational companies.

It also asserts that the international grain trade is dominated by just five privately owned companies—Bunge, Cargill, Continental, Louis Dreyfus and Garnac.

Some companies, such as Louis Dreyfus, own their own shipping companies but, for the most part, they rely on long-term charters and contracts of affreightment. The report states that most of these arrangements are either concluded with "closely related parties" or negotiated privately with shipowners with whom the charterers have long-standing relationships.

The report concludes that the amount of tonnage contracted at "arm's length" on the open market is minimal. It adds that "these interrelationships present a formidable barrier to any new shipowner, especially one from a developing country trying to break into sea transport operations."

Even independent shipowners do not escape criticism. "It is clear," says the report, "that some of the so-called 'independent' shipowners are not in reality so independent, having been established by traditional shipowning interests wishing to conceal their involvement in flag of convenience operations."

This is believed to refer to owners such as Hong Kong's Sir Yue K. Pao, who was termed by one UNCTAD official recently as a "front man for Japanese money."

The UNCTAD report, prepared for the ninth session of the committee on shipping in Geneva next September, says that there is no valid reason why developing countries should not be more heavily involved in the carriage of iron ore, bauxite/alumina. It blames the transnational companies for not being more accommodating.

The report and its conclusions will only serve to heighten the rift between the developed and developing countries. At last year's UNCTAD V meeting in Manila a resolution (120V) was passed advocating cargo sharing in the bulk trades.

Developed countries voted against the resolution because they felt the proposals were "in direct opposition to the freely competitive environment which was an essential feature of the bulk market."

They argue that bulk cargo sharing would substantially increase transportation costs and would have a serious effect on the trading interests of all countries.

Reagan's team: Doyens of the domino theory

BY DAVID BUCHAN, RECENTLY IN PALO ALTO, CALIFORNIA

Mr. Reagan . . . help from Hoover

CALIFORNIANS often like to think they determine the shape of things to come, and they will, if Mr Ronald Reagan becomes the next U.S. President. It is considered highly likely that a President Reagan would lean more heavily on his lieutenants than his immediate predecessors, not only because of his age and his penchant for a measured nine-to-five working-day. Mr Reagan says that's his style: appoint good men, let them get on with their jobs, and function as board chairman.

Inevitably, many of the "good men" Mr Reagan knows are from his home state. Despite his longer experience as a national politician, Mr Reagan has been just as influenced by his eight years as Governor of California as Mr. Carter was in Georgia. So, might we see a Californian mafia replace the Georgian?

Any well-prepared Presidential contender—and Mr Reagan is that by now—has two sets of advisers: one to help him "win the revolution" and the other to help him run it, though there is some overlap. Mr Reagan's campaign strategists—Mr William Casey, the campaign director, Mr Ed Meese, his chief of staff, Mr Richard Wirthlin, his pollster, and Mr Lyn Nofziger, his press specialist (all of them California-bred or adopted, except for Mr Casey)—are already in the limelight, or will be by the time Mr Reagan is formally nominated at Detroit next week.

Of the welter of advisers whose counsel Mr. Reagan has publicly said he will seek and even retain, a surprising number hail from just one place: the Hoover Institution for War, Revolution and Peace on the Stanford University Campus, just south of San Francisco.

Business economics

Mr. Reagan has strong links with this body, distinguished perhaps from any other think-tank in the country by its trenchant anti-Communism, desire to roll back the welfare state, and advocacy of business-oriented economies. The institute has 21 tons of his papers from his eight years as California governor.

Of the two contenders for the plum foreign and domestic policy jobs in a Reagan White House, Mr. Richard Allen is a Hoover alumnus and Mr. Martin Anderson only took leave from there on July 1 to join the campaign full-time. Several present Hoover fellows figure prominently on Mr. Reagan's advisers' lists, including Mr. Richard Staar, tipped for a foreign-policy job.

The institution has long been out of step with the rest of the academic world, perhaps because it took its tone from its founder. The late President Herbert Hoover admonished it "to demonstrate the evils of the doctrines of Karl Marx—whether Communism, Socialism, economic materialism, or atheism—thus to protect the American way of life from such ideologies, their conspiracies, and to re-affirm the validity of the American system." But Hoover is now rejoining the mainstream of America because, says its director, Dr. Glenn Campbell, "the mainstream has moved."

Evidence of this is adduced not only from Mr. Reagan's triumphs in this year's primaries but from conservative shifts in college faculties across the country. "Ten years ago, Nixon declared himself a Keynesian. Now Jimmy Carter tries to be a monetarist," says Mr. Alvin Rubuschka, a Hoover political scientist, whose model of economic perfection is free-for-all Hong Kong.

A glimpse of where Mr. Reagan is coming from—to use a Californianism—can be gleaned from Hoover's massive 850-page volume published this year: *The United States in the 1980s*. The Carter White House was intrigued enough to buy 52 copies. Its editors baldly state: "Contributors to this volume see a grand design on the part of the USSR, along with preparations for a nuclear war or political blackmail. A major effort should be made to contain Soviet expansionism, to which that regime is driven by ideology and a need to demonstrate vitality and power."

Soviet intentions

Calculating where the Soviets will strike next is a major concern at Hoover. Dr. Peter Duignan, a Middle East specialist, says he was on to the need for a rapid U.S. deployment force for the Gulf a year before Mr. Carter. But California being where it is, those at Hoover share Mr. Reagan's preoccupation with Communist infiltration in Central America. Their fear is that the dominoes could start falling right up to California's border with Mexico.

It may also be that the spirit of free enterprise breathes easier in California's eucalyptus-scented air, but the simple fact that Washington DC is 3,000 miles away must also have a hearing. Certainly the 1978 Proposition 13 decision in California to cut property taxes spurred on the work of "supply side" economists on the West Coast, most notably Mr. Arthur Laffer, whose work is the theoretical justification for the present Republican tax cut plans.

Reliance on the Hoover think-tank has dangers for Mr. Reagan. It is a ready reservoir to be tapped in a Reagan campaign or administration, but its dogmatic certainties give an intellectual respectability to his conservative gut feeling. Those Hooverites who support Mr. Reagan seem aware that this could prove a trap, and like to stress Mr. Reagan's pragmatism, as if they really hope that in his best interests he will ignore their more extreme ideas. "He is to the Left of u[s] on propping up Chrysler or th[e] steel industry," Dr. Duigna[n] says.

Nor is it really clear ho[w] many Californians of t[he] Hoover variety would take t[he] Reagan shilling and move [to] Washington. Dr. Duignan sa[ys] he would not dream of [leaving]. California is too sweet. [He] keeps tennis balls in his offi[ce] and wants to go on practis[ing] his serve at lunchtime.

هكذا من الأصل

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MG Abingdon plant to close in October

BY JOHN GRIFFITHS

THE MG cars plant at Abingdon is to close in October. All 800 workers — with the possible exception of a handful who might be found other work at nearby Cowley—are to be made redundant.

It became clear yesterday that BL has abandoned hope of a last-ditch rescue from the Aston Martin-led consortium which three months ago agreed in principle to take over MG production—but which has since been unable to come up with the £25m needed.

BL has tried, but failed, to find any alternative work for the Abingdon workforce. After the annual two-week holiday starting this weekend, they will return to a two-day week, producing 260 cars a week until the October shutdown.

These cars, plus the several thousand currently unsold in the U.S. — the MG's main market — are expected to provide American dealers with enough stocks to last until spring. It is likely that an MG-badged version of the Triumph TR7 will then succeed the current MGB two-seater.

Statutory notice of 90 days' redundancy for the Abingdon workers is to be filed with the Department of Employment this week.

Redundancy terms are still under discussion; but in view of what BL describes as "the exemplary work record" at Abingdon, employees will receive a discretionary closure bonus over and above normal redundancy terms. Payments for most workers will probably vary between £2,500 and £6,000, with higher payments possible to very long term employees. Abingdon traditionally has had the lowest level of disputes and labour turnover of any BL plant; a substantial proportion of employees have 15 or more years' service behind them.

The men will be paid a full weekly wage until the plant closes.

The closure will have an impact on BL jobs beyond Abingdon: within the next two weeks orders will go out to several other plants to wind down production of MG components. The MG's bodies are made at Swindon, gearboxes and engines at Longbridge, and the bodies are trimmed and painted at Cowley. Several hundred jobs are likely to go at these plants, although BL said yesterday that it expected them to be affected by voluntary redundancy and natural wastage.

Union officials at Abingdon yesterday said that they were "shattered" by the news that no alternative work could be found. Mr. Eric Brind, union convenor, said he was "terribly disappointed" that talks in the last week aimed at finding such work had failed. "We shall have to soldier on now, and concentrate on redundancy and severance pay," he added.

About 100 other people are employed at Abingdon, in the competitions department and on engineering work for Cowley. They will almost certainly be relocated elsewhere.

The 42-acre Abingdon site is to be sold.

In the hope of alleviating some of the unemployment Abingdon now faces — MG is much the largest employer — BL is talking to local authorities and trade associations about the feasibility of selling the site in small lots to encourage new, smaller businesses into the town.

The sale is unlikely to go far towards offsetting BL's expected loss of £20m on MG production this year. The site itself is expected to fetch perhaps £5m. Most of the plant and equipment is old and cannot be usefully deployed elsewhere.

The Aston Martin consortium has been talking to a potential Japanese financing source about a rescue. But since the weekend, when a board meeting was supposed to have taken place in Japan to decide on the deal, the consortium has lapsed into silence.

BL has said that even at this stage it is prepared to reopen discussions. But, it warned yesterday, the consortium has only about a week to come up with concrete evidence of its financial ability to effect the rescue.

Court Line accounts 'not true and fair'

BY CHRISTINE MOIR

THE 1973 accounts of Court Line, the tour operator which crashed in August, 1974, "did not give a true and fair view" of the company's financial health because of the "inadequate performance" of Robson Rhodes, the auditors, and the Court Line directors.

This is the finding of the professional standards committee of the Institute of Chartered Accountants in England and Wales, which has been following up the Department of Trade report on the company published in 1978.

"Wherever there was a doubt about the possible application of accounting practice, Court Line chose the method which was most favourable to the profit for the year," the committee concludes.

There was also one item which "on any basis was incorrectly treated," namely the £5m post-acquisition expenditure on Dexford and Sunderland, which appeared in the subsequent accounting period as "*goodwill on acquisition*" rather than being charged to profit and loss account.

Although the committee believes that Robson Rhodes' audit approach "was generally satisfactory" there were a "significant number of areas where the particular audit practices . . . were . . . not adequate." Taken individually, none "constituted a fundamental weakness but taken together . . . they prevented a proper review being made of the 1973 accounts."

The committee's analysis, published yesterday, represents a severe censure for the auditors but no further action seems likely to be taken.

The committee has written to Robson Rhodes about the issues and has also made its own inquiries into the firm's current procedures.

As a result, it says, it is "satisfied that . . . the weaknesses . . . are unlikely to recur either individually or in combination."

The committee does not agree with the Department of Trade inspectors, however, that the accounts of Clarksons Holidays, which was acquired by Court Line, should have received a qualified audit from Peat Marwick Mitchell in 1971 and 1972, and from Robson Rhodes in 1973 because it did not keep proper books of account.

Computer problems, the committee says, gave rise to the doubts about the accounting records but these were "not sufficiently severe to have led to audit qualification."

The general recommendations arising from the committee's enquiry cover a number of grounds:

- Directors and auditors must satisfy themselves that financial items are not just treated properly in isolation but together must produce a true and fair account
- Auditors must review the accounts as a whole both internally and with the company directors towards the end of an audit; the company board must ensure that this occurs.

The committee also issues a general reminder to members of its institute who act as finance directors "to appreciate the scope of their responsibilities."

Consett workers lobby MPs

Hugh Routledge

BY ALAN PIKE

WORKERS from Consett steel works took their campaign against the closure of the works to London yesterday.

About 650 of the plant's 3,700 workforce—who all stand to lose their jobs by the end of September—travelled to London to lobby MPs and present a petition signed by 20,000 people to 10, Downing Street.

The closure of Consett steelworks, in County Durham, will leave the area with one of the highest unemployment rates in the country, with between 30 and 40 per cent of adult men out of work. There are no other large employers in Consett, which is geographically isolated.

The workers argue that after the redundancies last year, the plant has a good productivity record and is now in a position to be permanently profitable.

The British Steel Corporation has said that the demand for billets, small logs of wood used as fuel, has fallen because of the recession in the motor and engineering industries. BSC say closure of the plant is unavoidable.

The Consett closure is the last really sensitive item on BSC's rationalisation list which is cutting 52,000 jobs in the industry, though further cuts are expected.

Ship order for £20m may bring 750 jobs

By William Hall, Shipping Correspondent

CAMMELL LAIRD, the Merseyside shipyard, is about to clinch a £20m order for a 30,000 dwt tanker for the Royal Fleet Auxiliary that will provide employment for 750 men for more than a year. The shipyard has been hard hit by the delay in proposed public sector orders, and is desperately short of work.

Apart from the construction of two Type 42 destroyers for the Royal Navy, the 3,000 odd workforce has no other work.

In common with other RFA tankers, the new ship will be owned by a third party and demise chartered to the Ministry of Defence.

The Royal Navy said last night that the order was still subject to the negotiation of "satisfactory terms." However, it seems virtually certain that Cammell Laird will build the ship.

Cut-price bookings

AMERICAN visitors to London who take stand-by tickets on British Airways will, in future, be able to pre-book Grand Metropolitan Hotels rooms for £10-£13 a night, plus VAT, half the normal price of some accommodation.

Housing bid

JUDGMENT will be given in the High Court today on the bid by eight London boroughs to block plans by the Greater London Council to transfer 55,000 council houses to them.

Industry 'damaged'

THE GOVERNMENT'S monetary policy is causing grave damage to UK manufacturing industry, Sir Geoffrey Howe, Chancellor of the Exchequer, has been told by a team representing British industry managers led by Mr. Leslie Tolley.

Missile accord

A EUROPEAN programme to build the U.S. Sidewinder missile for NATO air forces has been agreed between Britain, West Germany, Norway and Italy.

Most pay deals in past year settled at 17-21%, says CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MOST PAY deals in the past 12 months were settled at between 17 and 21 per cent. The general level of rises higher in commercial companies than in manufacturing industry.

This is reported by the Confederation of British Industry, which expects the year-on-year increase in average earnings to reach at least 20 per cent by the end of next month.

This is higher than had been hoped for when the pay round began a year ago. Leading industrialists are preparing a CBI campaign aimed at perhaps halving in the level of settlements in the next 12 months.

Reports from the CBI's Midlands region already indicate that recent deals have averaged 8 per cent.

The higher figures for the past year have been compiled by the CBI's pay data-bank, which has reports of 733 settlements covering more than 10m workers.

The figures are broadly in line with official Government statistics and show that, in spite of the sharp rise recently in the level of the retail price index, there has not been a correspondingly rapid acceleration in pay deal levels.

Allowing for wage drift and the effect of the Clegg awards in the public services, the CBI says that by the end of next month the year-on-year increase in average earnings will be 20 per cent, or slightly higher.

Some 6m workers were covered by 105 national settlements negotiated by employers' associations or fixed by wages council awards. The weighted average of national agreements is 17.5 per cent, and of wages council awards 20.6 per cent. But the impact of these settlements on earnings varies considerably because of additional plant-level negotiations.

The CBI has also been told of 12 major company settlements covering about 250,000 workers in commercial and retailing businesses. The weighted average figure for the commercial concerns is 21 per cent.

In manufacturing industry, reports of 626 settlements covering 145,655 employees produced a lower weighted-average figure, 16.5 per cent.

In the public sector, the CBI says that 15 settlements covering 2.5m public-service workers produced a weighted figure of 15 per cent, excluding Clegg awards.

A further 15 deals covering 1m employees in nationalised industries and public corporations mainly fell between 15 and 20 per cent, with a weighted average of just under 17 per cent.

About one-quarter of national agreements made some commitment to shortening the working week, although this concession appeared in a smaller proportion of company deals.

Expanding home air mail

POSTAL NIGHT flights from Norwich Airport to Liverpool, introduced last summer to speed the mails, have been so successful the Post Office plans to expand them.

The Post Office wants either a second small aircraft, or to introduce a larger DC3 aircraft. The airport joint committee will discuss the matter on Friday. If a larger aircraft is to be used, the matter will be reviewed in six months time after the noise level has been monitored.

BL to sell Bounty only within EEC

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL WILL be excluded from selling the car it is to make jointly with Honda of Japan in countries outside the EEC.

If Spain, Portugal and Greece join the EEC, BL will still be excluded from those markets under the terms of its deal with Honda.

This emerged yesterday during BL's evidence to the House of Commons select committee on industry and trade.

Mr. David Andrews, executive vice-chairman of BL, said that the Bounty, the group's code name for the vehicle, would be built by Honda in Japan for its home market, North America and all other countries outside the Common Market as it is now constituted.

He told the committee that the engine and transmission for the Bounty would be imported from Japan as would the fascia panel which was a complicated plastic moulding not worth producing in Britain for the relatively small number of cars involved—80,000 a year.

He repeated BL's assurances that "the UK content (of Bounty) will be well in excess of half the cost of the vehicle."

But he was not able to give any indication of the number of Bounties which would have to be exported from the UK to cover the cost of importing the engines and transmissions and the royalty payments to Honda.

Questioned about the equipment recently installed at the Longbridge plant on which BL's other new car, the Metro, will be assembled, Mr. Andrews said his recollection was that more than 90 per cent of it originated in the UK.

Asked if the future of BL's volume car division really depended on the success of the Metro, due to be launched in October, Mr. Andrews replied: "If that car fails, it would put that part of the business probably beyond recall."

Brewery switches to diesel cars

By John Griffiths

SCOTTISH and Newcastle Breweries is to replace its fleet of 1,100 petrol-driven cars with diesels.

This is believed to be the first such move in Britain by a big fleet operator.

S and N said yesterday it expected to save "hundreds of thousands" a year because of the diesel cars' lower fuel consumption.

The fleet will be phased in over the next three years.

The company said yesterday that investigations lasting two years had indicated the diesel fleet could provide a 100 per cent overall improvement in mileage, with halved maintenance costs

The current fleet comprises BL, Talbot, Vauxhall and Ford cars. But they will be replaced by about 250 Peugeots, and a mixture of Volkswagen Golf and Passat, Opel Record and Citroen CX diesel models.

C. T. Bowring director joins merchant bank

BY JOHN MOORE

MR. PETER STODDART, a main board director of C. T. Bowring, the insurance broker, resigned from the group yesterday. He has been appointed a consultant with Robert Fleming Holdings, the merchant bank, and will help the group in setting up an insurance broking subsidiary.

The move marks a major defection at C. T. Bowring following its recent takeover by Marsh and McLennan of the U.S. and Mr. Stoddart is the first of the Bowring family to leave. Mr. Clive Bowring, another member of the Bowring family and chief executive of C. T. Bowring (Overseas), is also leaving.

Mr. Stoddart was chairman of C. T. Bowring (Overseas), and chairman of the underwriting agency company and the Bowring underwriting holdings company.

In recent weeks the Bowring group has lost several key staff, who largely appear to be setting up their own insurance operations.

Robert Fleming said yesterday that it was only considering setting up an insurance broking subsidiary. As a first step Mr. Stoddart and Mr. Bowring had been appointed consultants.

Men and Matters, Page 22

Airport profit

LEEDS/BRADFORD Airport, owned by the Bradford, Leeds and West Yorkshire councils, earned a net profit of £435,362 in 1979-80.

Japanese pays £220,000 for a Ming jar

SALEROOM

BY PAMELA JUDGE

A CONTINGENT of Japanese visited Phillips, London, yesterday for the sale of Japanese and Chinese ceramics and works of art. A private collector among them paid £220,000, the day's highest price, for a Ming jar.

The oviform jar is decorated in underglaze blue, iron-red, green and yellow enamels, with golden carp and other fish swimming among flowering lotus and waterweeds. Marchant gave £12,000 for a Netsuke model of a reclining ox signed in a polished reserve Kaigyokusai with Masatsugu square seal. The sale totalled £349,000.

At Sotheby's, Leggatt paid £100,000 for a Stubbs portrait of Joseph Smyth on a grey hunter in an extensive river landscape. The sale of 17th-, 18th- and 19th-century British paintings realised £799,990.

The second highest price of the day, £50,000, was a record for the artist Henry Bernard Chalon. The work was bought by Baskett and Day and is a view of Sir Mark Masterman Sykes' hounds.

Another Chalon work was bought for £36,000 by Ackerman; a Fuseli vision of Lapland New York, at £22,000; and orgies went to R. L. Feigen, Aberdeen Art Gallery gave £24,000 for a Raeburn portrait of Mrs. Robert Adam. Leggatt, acting for the Department of the Environment, bought a portrait of Sir Arthur Wellesley, later Duke of Wellington, for £3,600.

In New York on Tuesday coins sold through Sotheby Parke Bernet made £87,516 with £17,610 paid for a 1915 $50 Panama-Pacific Exposition octagonal piece.

Jewels sold by Christie's included a pair of potentially flawless diamond ear-pendants which went to Graff Diamonds for £200,000. A navette-cut single-stone ring made £150,000 and a similar cut 6.05 carat stone ring fetched £75,000. Kleinmann bought an emerald cut, potentially flawless, single stone ring of 7.32 carats for £58,000. The sale totalled £861,933.

Silver amounted to £98,375. Charles gave £5,800 for a German silver-gilt two-handled bowl by Jacob Muller of Bremen, 1690; Montanaro paid £3,200 for a George IV shaped circular salver; and Jung, Germany, bought part of a King's pattern table-service for £3,080. Chinese jades and snuff-boxes made £54,655.

Councils 'to spend more' on care

BY ROBIN PAULEY

LOCAL COUNCILS are planning for real growth in spending on social services this year, in spite of demands for reductions by Mr. Michael Heseltine, Environment Secretary, according to a survey published today in the magazine New Society.

The survey shows that in the past two years councils have kept largely intact meals for the elderly and day-care for children services. But the home-help service was severely cut in many county areas last year.

A third of all local authority social services departments in England and Wales responded to the survey. The results show that councils intend to improve the home-help service this year and to maintain, or even increase, spending on meals and day-care.

But the survey also shows that to do this councils have had to plan for growth in real terms—a median rate of increase of 4.7 per cent. "This defies the present Government's intention to single out social services spending for a cut this year of 6.8 per cent," the report says.

This growth was being financed by higher rates, higher charges "for the poor and vulnerable clients of these services," and lower staffing levels. More than two thirds of councils surveyed were leaving posts vacant to save money.

There was evidence some authorities were bringing forward closures of residential homes and deferring opening day-nurseries and day-care centres.

The survey showed that last year social services sections of authorities came close to achieving the three per cent cuts in spending which Mr. Heseltine requested in June, except in inner London.

Counties tended to cut more than the cities. Essex made the largest cut, £1.5m at 1978 prices or 6.2 per cent. Eight inner London boroughs in the survey and Sandwell, alone among metropolitan authorities, made no cuts.

Although the authorities have swung round to growth this year much of it relates to projects authorised in the mid-1970s and being completed. Even if buildings were kept empty, loan charges would have to be met from budgets.

The survey concludes: "A basic framework of services, however patchy they might be, has been preserved albeit at a higher price to their vulnerable clients. But these services are under pressure and there are signs that the Government has recognised this or, at least, that there is a limit to the cuts which it can impose on local authorities.

"If this year's budgets do survive, social services departments might well manage to preserve a framework of community services to meet a tough future. But sooner rather than later they will need the resources to build on this framework."

Dear oil may halt work on plant

BY MAURICE SAMUELSON

A £300M OIL-FIRED power station in Northern Ireland, under construction for the past 16 years, may remain only half-completed because of the price of oil and over-capacity in the provinca's electricity industry.

It is the 1260 MW Kilroot power station on Belfast Lough, designed at a time of low-cost oil. The Northern Ireland Electricity Service (NIES) has proposed converting two of its four ganerating sets to burn coal as well as oil, in line with the Government's energy policy.

However, the Government is believed to have refused to back the cost of such a conversion, which involves not only new boilers, but providing installations to handle coal brought in from Britain and the U.S.

The oil-fired part of the plant will be completad, but the NIES is in no burry to bring it on stream. The first oil set is now expected to be operating next spring, three years later than planned. The second oil set, the NIES says, is due to be completed in 1984. But whethar it is ever used will depend on the future level of demand. This stands at about 2,000 MW a day.

The NIES is eager to sell its excess electricity to the Irish Republic, which is short of generating plant, and would also welcome such an arrangment. However, this depends on the restoration of the inter-connector between Ulster and the Republic, wbich was put out of action by the IRA five years ago. At least two attempts to restore the link have failed

Ulster'a abundance of electricity ia also adding to the troubles of the Northern Ireland gas industry, which faces extinction because of the Government's refusal to connect the province to the North Sea natural gas gathering system.

In the Commons tomorrow, Mr. Harold McCusker, the Official Unionist MP for Armagh, will urge the Government to review its decision not to build a gas pipeline linking Northern Irelaod with Scotland.

A claim that such a pipeline is economically feasible was published yesterday by Coopers & Lybraod Associates, the financial consultants. The company's study of the problem was carried out on behalf of the Northern Ireland Gas Employers Board of which Mr. McCusker is chairman.

The Government originally turned down the natural gas pipeline on the grounds that the scheme would cost £86m (at 1976-77 prices) and that British Gas consumers io Great Britain would be heavily subsidising Northern Ireland consumers.

Coopers and Lybrand points out that natural gas would be cheaper than the naphtha, from which Northern Ireland's town gas is made, and that the existing gas network could be expanded. The pipeline and associated investment would give a real return of 12 per cent, tbe report says.

Minister plans no changes in electricity supply

BY MARTIN DICKSON, ENERGY CORRESPONDENT

MR. DAVID HOWELL, the Energy Secretary, is expected to tell the House of Commons that he does nnt intend to make any statutory cbanges in the structure of the electricity aupply industry in England and Wales.

The industry consists of the Central Electricity Generating Board, responsible for the bulk supply of power, 12 area boards responsible for retail sales, and tbe Electricity Council, a co-ordinating hody which has a mainly advisory role.

The Government's decision is the final rejection of the Plowden Committee report of 1976 which argued that the industry lacked strategic control and direction, and recommended its unification under a single statutory hody.

The Labour Government drew up a Bill which would have partially implemented the committee's recommendations, but fell when the Liberals refused to support it.

Mr. Howell is expected tn stress that he wants to see closer co-operation between the various branches of the industry, but to argue that he already possesses the necessary powers to improve co-ordination.

The Government's decision will be generally regarded as a setback for Sir Francis Tombs, chairman of the Electricity Council. He bad been keen to turn the council into a strong central body, along the lines recommended by Plowden.

The CEGB, whose relations with the council are uneasy, had been anxious to resist such a development.

This stems partly from the fact that the CEGB controls some 80 per cent of the industry's expenditure, giving it powerful political muscle, with the council being limited to a consultative role on both spending programmes and tariff.

The Government bas also been considering the possibility of giving area boards a mechanism for appealing against the CEGB's tariffs.

The Government is concerned about the efficiency of the CEGB, a monopoly wbich has no direct contact with the consumer, and has asked the Monopolies Commission to investigate its performance.

Powell forecasts cut in energy prices

BY MAURICE SAMUELSON

"THE REAL price of oil-based energy will decline during the yeara ahead," Mr. Enoch Powell, MP for Down South, said yesterday.

"So plentiful and so fiercely competitive will be the sources of energy in general tbat many of those wbo are now investing heavily on the contrary assumption will be ruined," he told the Heating and Ventilating Contractors' Association in London.

Nothing was "more futile or patbetic" than the spectacle of governments telling their people to economise on fuel when the price of it was rising and, worse still, subsidising them to do so.

Mr. Powell said that the U.S. Governmeot's policy of holding down production in the face of market demand was "sublime in its stupidity," but it could not do so for ever

It was also a "strange delusion" to think that Middle East oil producers could hold the world to ransom. On the contrary, the OPEC countries had no choice but to lend to the rest of the world on capital account tbe exact amount of the oil surpluses which they receive on current account.

British Airways—top and bottom

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS topa the lists as the most loved and the most disliked airline for overseas travel, according to a survey of passengers carried out by the International Airline Passengers Association

The survey has shown that 18.7 per cent rate British Airways as the most preferred airline for travelling overseas, bnt another 32.7 per cent said it was the airline they would most try to avold.

General service

The reasons eited by those for and against British Airways was the standard of general service, meals and late flights.

Second in the list of preferred airlines was Swissair with Singapore Airlines, Lufthansa and British Caledonian third, fourth and fifth respectively.

Aeroflot, the Soviet airline, was the aecond in the list of airlines to be avoided, with Pan American third.

Gilt-edged appetite 'is insatiable'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LIQUIDITY of the City's main financial institutions has fallen to a low level over the past few months according to a survey by stockbrokers Fielding Newson-Smith.

The brokers estimate that the spare cash held by insurance companies and pension funds at the end of June was about £1.8bn. This was roughly £500m lower than May and implies that most of these institutions are fully invested.

This follows large salea of gilt-edged stocks in recent months. The survey, based on replies from funds valued at about £26bn, was conducted before the exhaustion of three tap stocks last week. The extent of their involvement sbows that their spare cash will be even less than the survey indicates.

Fielding Newson-Smith argues that, since the domestic institutions seem to be well invested, the gilt-edged market could be due for a period of consolidation. Bnt this process conld prove sbort-lived if the foreigners' aeemingly insatiable appetite for gilts continues.

Last week's cut in Minimum Lending Rate has been welcomed by brokers Simon and Coates. They say there ia now clear evidence that the recession is reducing private credit demand and that the process of reducing interest rates is to begin.

Simon and Coates also suggest there may be a sharper decline in interest rates over the next few months. "Talk of waiting a few months before risking a further reduction takes little account of the nature of markets themselves and single figure abort term rates seem very probable during the first half of 1981."

Commenting on the Wilson report on the City, brokers Phillips and Drew argue that the committee's discussion of monetary issues diaplays a lack of clarity regarding the appropriate objectives of monetary policy and confusion over the means of achieving these objectives.

The brokers say that it is remarkable that the Wilson report should support an underwritten tender system for official sales of gilt-edged stocks while arguing against an underwritten tender system for official sales of Treasury bills to the discount market. They say the tender system should be replaced.

Thames day

BOAT RACES and other attractions including fireworks are being planned by the Greater London Council for its "Thamesday 80," to be held on September 13 on the river between Hungerford and Westminster Bridges

£4.3m plan to treble saw mill production

FINANCIAL TIMES REPORTER

A £4.3M EXPANSION and modernisation scheme has been announced by Riddochs of Rothiemay for its saw mill at Kilmallie, Fort William, Inverness-shire.

The scheme brings some hope of new jobs to the Lochaber area which recently suffered from the closure of the Wiggins Teape Pulp Mills.

The plan will secure employment for the 100 saw mill workers and creat 30 jobs over the next three years.

While not compensating for the loss of the pulp mill, it will sustain at least 60 related jobs in the Forestry Commission, benefit private forestry interests, bring additional spending and employment to service industries and save about £3m a year in timber imports.

Existing plant is to be replaced by computer-assisted automatic methods which will almost treble production. The development will be financed by public and private investment.

The Highlands and Islands Development Board is giving an interim relief grant of £363,000 and the Scottish Development Agency is investing £325,000 in preference shares.

Moracrest and Kirkhill Investment and Management, which bought Riddochs in 1978, is investing a further £100,000 in preference shares. Added support is provided by Midland Bank Industrial Finance through £225,000 preference shares, and other facilities from Midland Montagna Leasing and the Clydesdale Ban.

Mr. Simon Fraser, chairman of Riddochs, said: "For the first time, this century anyway, there will be a sawline in the UK able to match in terms of quantity and quality of output the best in Scandinavia, North America or anywhere else."

Newcastle to stage trade exhibition

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

NEWCASTLE IS to lannch a major business and industry exhibition in September as part of its Newcastle 900 promotion to mark nine centuries of exiatence.

More tban 200 companies and organisations, many in the high-technology field, will take part in what the organisers, Newcastle and county Tyne and Wear, claim is the largest exhibition in the north of England since the Great Exhibition in Newcastle in 1929.

It will be beld in the city university from September 4 until 13.

Its aim is to show what can be made in the area and convince potential new companies that the north east ia as capable of supporting micro-electronic induatries as of turning ont tbe traditional engineerіog and shipbuilding products on which its original prosperity was based.

Launching the exhibition in London, leaders of both councils said that emphasis wonld be placed on the area's links with Scandinavia and the oewer connections with the EEC.

The EEC is to bold a full-day conference in the second week and follow it with specialist seminars.

£1m to boost fibre output

BY ELAINE WILLIAMS

McKECHNIE Refractory Fibres, part of the £200m McKechnie Brothers group, is investing more than £1m to increase its output of ceramic fibre for use in heat insulation.

The aix-year-old company, which had a turnover of about £1.5m last year, hopes to increase the workforce at its Widnes factory from 30 to more than 100 in the next few years, through a joint venture with C.E. Refractories, a subsidiary of Combustion Engineering—a U.S. company with a turnover of \$3bn (£1,277m).

Tha expansion is to meet growing interest in energy conservation through heat insulation. The UK market is worth £8m and growing at a rate of 20 per cent a year.

Wool textiles production drops

BY JAMES McDONALD

THE ONSET of recession in tha textile trade is reflected in latest production statistics for the wool—textile and hosiery, and other knitted-goods sectors, published by British Business, the journal of the Departments of Trade and Industry.

In wool-textiles, the volume of output index for March, seasonally adjusted, was 12 per cent lower than a year before. Wool Industry Bureau of Statistics show that deliveries of woven fabrics, excluding blankets, ware 6 per cent less than in March 1979, while deliveries of worsted yarns, excluding semi-worsted yarn, were down hy 12 per cent over the year.

Production of wool and hair-tops showed a 6 per cent decline. There was a 14 per cent drop in output of man-made fibre tops.

In the hosiery and other knitted goods sector the seasonally-adjusted output index for the three months to end-April was 9 per cent lower than in the corresponding period in 1979.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

UK NEWS

Elaine Williams looks at the economics of glass recycling

How empty bottles are melting into money

TURNING BROKEN glass jars into shiny new bottles is no longer just an environmentalist's dream. It is now an important part of glass making —higblighted last week by the opening of Britain's second major recycling plant by Rockware Glass at Knottingley, Yorkshire.

The industry's two major glass container manufacturers, Rockware Glass and United Glass, owned by the Distillers Company and Owens Illinois, bave invested £750,000 in recycling plants. They process waste glass througb the "bottle bank" scheme — the public collection system now run by many local authorities.

Overall, the industry's target is to recycle 150,000 tonnes of waste glass, called cullet, every year for an equivalent energy saving of 4m gallons of oil or £1.5m. Every tonne of glass recycled saves 30 gallons of oil.

At present, 18,000 tonnes of glass are being recycled but Rockware Glass and United Glass's plants are each able to process 50,000 tonnes. United Glass is considering building another plant near its glass container factory at Harlow, Essex. Redfearn National Glass of York, CWS Glassworks of Worksop and Beatson Clark in Rotherbam — are involved in the "bottle bank" programme as well.

Cullet is a standard ingredient of glass making and helps the raw materials — soda asb, sand and limestone — melt more quickly in the furnace.

The UK Glass Federation says that every 10 per cent of cullet used in this way saves 2 per cent in energy.

In Britain, 20 to 30 per cent cullet is used in making new glass bottles and jars although 50 per cent will eventually be the norm. In Switzerland, where glass makers pinneered recycling, 85 per cent cullet is now used to make green glass.

The housewife throws away thousands of tons of glass a year. In 1978, for example, Britons bougbt 1.9m tonnes or £316m of glass containers, of which 80 per cent ended up in the dustbin.

The glass industry decided to look into the economics of recycling in the early 1970s after pressure from conservationists. A public opinion survey showed that people were loath to throw away empty bottles.

Energy saving has been another increasingly important factor since the 1973-74 oil crisis.

Britain's first experiment in glass recycling, carried out by Redfearn National Glass and York District Council in 1974, failed because the door-to-door collections made by tha council proved too costly.

The industry then looked to successful schemes in Switzerland and Germany involving "bottle banks" where the public could deposit empty bottles themselves.

The first British "bottle banks" were set up in 1977 by the Glass Manufacturers Federation in Oxford, South Yorkshire, Colwyn Bay and Scunthorpe, and by November, 1979 the scheme had been extended to 45 towns and cities.

Today, 53 local authorities covering 100 towns are involved, with more than 230 bottle banks in use. By 1981 the federation hopes 200 towns will have banks.

Each skip or bottle bank has to collect 1.5 tonnes of glass per week to be economic. The federation says the national weekly average is 1.65 tonnes although local variations produce extremes of 0.7 tonnes and 5 tonnes per skip.

Local authorities can save an average of £3 a tonne in waste disposal costs. The federation estimates the average overall cost to authorities running the bottle bank scheme at just over £15 per tonna of waste glass. Glass manufacturers pay up to £16 a tonne, so that areas with a good response can even make a modest profit.

Domestic cullet recycling is carried out throughout Europe, most successfully in Switzerland, West Germany and France.

In Switzerland 72,000 tonnes of cullet, representing 11.5 kg of glass containers per head of population, was recycled in 1978. Over 48 per cent of starting material for glass making is cullet.

In West Germany, the glass industry has undertaken to recycla 450,000 tonnes of glass this year. In the longer term it hopes to recycla 900,000 tonnes annually.

France recycled 300,000 tonnes last year but aims to increase this to 600,000 tonnes of glass in 1983. Large recycling programmes are also underway in the Netherlands and Belgium.

Gareth Griffiths on a liqueur battle

A creamy market

THREE OF the country's Big Six brewery groups — Allied, Whitbread and Grand Metropolitan — are about to engage in battle for the cream liqueur market, the fastest growing sector of the UK drinks industry.

The cream liqueur market, which became important in this country only five years ago, has been one of the main reasons wby last year UK liqueur sales topped the £100m mark. Since 1975 cream liqueurs have sbot up from practically nothing to a clearance figure of more than 300,000 cases in 1979 worth more than £20m.

This year clearances are expected to rise for cream liqueurs by another 50 per cent, and by 1985 analysts predict they will have a UK market of around 1.5m cases cleared per year. This would be larger in volume terms tban the total liquer market at present. Customs and Excise estimates put the 1979 number of liqueur clearances at 1.3m cases.

Cream liqueures bave gone down well with the public mainly because of their adaptability. Younger people, who provide the crucial market for liqueurs, have oot yet labelled cream liqueurs as a drink for the middle-aged.

International Distillers and Vintners, part of Grand Metropolitan, bas proved the beneficiary of the boom so far. It owns Baileys Irish Cream—whicb, it says, accounts for 95 per cent of total cream liqueur sales. Baileys is the most popular liqueur in Britain and one in five liqueurs bought will be a bottle of Baileys Irish Cream. That proportion is rising, and IDV expects sales to go up by 50 per cent this year.

Baileys is imported from Ireland and is chocolate flavoured with Irisb whiskey as a base. It was launcbed in 1975 and proved to be ao immediate success.

The size of the market Baileys bad discovered excited other companies. The profit margins for liqueurs, as with other wines and spirits, have been under pressure for some time and, although there are signs of some revival, most wine merchants put them at about 3 per cent. A new boom product is therefore very welcome.

Allied and Whitbread jointly control a liqueur company, J. R. Phillips, based in Bristol. Phillips has dealt as UK agent for Cointreau, and handles apricot and cherry brandy and Chartreuse. It is now engaged in promoting a rival to Baileys, Carolans.

Carolans is a honey flavoured Irish cream liqueur and was launched last July in the areas covered by Harlech Television and Granada, i.e. Wales, the West of England and the North West. It was launched nationally in March. Phillips plans a full-scale advertising campaign which will inevitably centre round televison; and the company bnpes to wrest a 25 per cent market share for Carolans. The company says Carolans has gone down "very well" so far.

Drinks companies are reluctant to give out their trading figures, although Phillips says it bas established Carolons as the number two cream liqueur. It is not prepared to release figures on volume clearances.

IDV says its surveys show Carolans with only a 1.5 per cent share of the cream market and that the number two spot belongs to its latest brand, John Dowlands Greensleeves. Greensleeves, a mint liqueur was produced to consolidate IDV's hold on the market.

Competition will intensify in tha autumn as 65 per cent of cream liqueur sales are made in October, November and December, in the run-up to Christmas. Liqueurs have been traditionally heavily dependent on advertising. Last year, IDV spent £400,000 promoting Baileys, mainly on TV. This year, it will have the additional expense of a campaign to promote Greensleeves.

Phillips, backed by the resources of Allied and Whitbread, has also indicated that it will advertise beavily, again predominantly on TV. Both companies are arranging tastings for the trade and promoting links with the distributors.

Hoey extradition case adjourned two months

EXTRADITION proceedings against Mr. James Hoey, a consultant and insurance specialist, were adjourned until September 10 by Bow Street Magistrates Court yesterday.

The defence lawyers are awaiting further evidence from Australia.

The Australian Government is seeking Mr. Hoey's extradition to face a charge in Australia of falsifying a document in Sydney in 1975. The charge relstes to a receipt for A$100,000.

The court was told that there was a large amount of papers that the defence lawyers had not yet been through and further evidence was on its way from Australia.

Women's rights 'seen as luxury'

BY PAULINE CLARK, LABOUR STAFF

RESENTMENT at lack of progress towards equality for women and deterioration in the standard of their pay and jobs last year was reported by the Equal Opportunities Commission yesterday.

In its fourth annual report to Mr. William Whitelaw Home Secretary, the Commission, headed by Lady Lockwood, also forthrightly attacks Government policies in areas which it suggests are frustrating its aims.

The report paints a depressing picture of the disproportionate effect the economic climate is having on working women. It indicates that equal opportunities are being treated as a luxury the country cannot afford, while morale is being further damaged by proposed laws on immigration and on maternity rights.

The effects of tha economy were shown most clearly however in women's earnings and unemployment trends last year. Between 1977 and 1979, women's gros hourly earnings had fallen from 75.5 per cent to 73 per cent of men's earnings.

Expressing "alarm" at tho trend, tho Commission predicts more deterioration "until the Sex Discrimination Act is being implemented in full force."

On women's job trends, the Commission recorded that while male unamployment fell between 1978 and December 1979, fomale unemployment roso by some 5 per cent.

This rise, combined with tho increase in the inflation rate from 8.4 to 17.2 per cent during that period had contribnted to growing insecurity and uncertainty among women, the Commission said.

"Taken together with tho view increasingly openly expressed, that the place of women is in the home, this has had the effect at onco of encouraging an inclination to shelve equal opportunities policies as a luxury which the nation cannot afford and of increasing the sense of frustration and resentment among many women."

The Commission repeated its view that its work "can only be effective in the context of national policies which, broadly speaking, work in the same direction."

It said the outcry which accompanied the Governmont'a proposed immigration rules had led many to "call into question the viability and effectiveness of the EOC set up to promote the principlo of non-discrimination when other Government policies appear to run contrary to that principle."

The proposal to remove some of the present maternity leavo benefits had also given rise to coocern.

The present Equal Pay Act came under harsh criticlsm for being too rigid. This was shown in the "substantial" number of inquiries on equal pay which the Commission was unablo to deal with because there appeared to be no remedies under the Act.

Award returned to AIMS

By Nick Garnett

SHEERNESS Steel, under the threat of industrial action, returned an award yesterday made to it as a reflection of its industrial relations record.

Following talks between the company and officials of the Iron and Steel Trades Confederation the company agreed to send the small wooden block and plaque back to AIMS, tho free enterprise organisation.

AIMS said it had presented tho award largely because of the splendid industrial relations, achieved over a period of time, at the private steel makers.

The workforce at Sheerness refused to join the national steel strike earlier this year.

Sheerness originally refused to return the award but has since been persuaded to do so hy union officials who had been threatening a 24-hour strike.

AIMS said yesterday: "Sheerness bas pnt its relations with its workforce before an award — and that shows the right kind of priority which won the award In the first place."

● The Iron and Steet Tredcs Confederation is prepared to accept up to another 1.000 redundancies at the British Steel Corporation plant in Corby, Northants., providing the go-ahead is given for a new productivity deal.

Kent miners urge action against closures

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS' fears of another round of pit closures erupted yesterday, durtng an impassioned debate at their annual delegate conference in Easthourne.

The warring Left and Right factions in the National Union of Mlneworkers united in mutual determination to mount a campaign througbout tho coalfields against any closure.

As last year, the dehate was given extra impetus hy tho presence of a lobby of South Wales miners, tbis time from Ty-Mawr Colliory, which is one of a dozen plts in the area under scrutiny.

The conference carried unanimously a resolution from the cokemen asking tho NUM executivo to domand an immediate subsidy oo coal and coke from the Government.

But the real focus of the dobate was an amendment from the small Left-led Keot area, asking for necessary action to prevent any further closures, other than seam exhaustion, of the coal and steel industries.

Tho rundown of the British Steel Corporation and its coontinuing importation of cheaper, foreign coking coal, has been a worry to the South Wales union leaders and local politicians for many months.

Yestorday Mr Arthur Scargill, the Yorkshire miners' leader, repeated bis charge that the National Coal Board had a list of 50 uneconomic pits that it waoted to close.

Mr Scargill said: "If a pit is threateood in South Wales . . . that is a threat to a pit in Yorkshire. We shall take industrial actioo."

Mr Michael McGahey, Scottish president, called for an "agitational campaign" spanning coalfield boundaries, and for rallies of tbe miners. "Let us adopt the old slogans wbich are as true now as they wore in tho past—educato, agitate."

Sir Derek Ezra, NCB chairman, who bad listened to the debate, tried to placate the miners with promises of a hright future for coal after wbat he called short-term difficulties. Tho Board, he said, bad set up a democratic review procedure involving the nnion, to determioe what geological conditions made a pit unworkable.

He told a press conference afterwards: "Everyone wbo is in mining knows that pits oventually havo to close because they just come to tho end of the coal." There was no point in pouring investment money into a pit with serious geological probloms."

The fact that 12 South Wales pits were "in difficulties" did not moan that all of them would be sbut, be said.

Industrial civil servants warned of 14% pay limit

BY PHILIP BASSETT, LABOUR STAFF

LEADERS OF 160,000 industrial civil servants have heen told informally hy Ministers and Government officials that no more than 14 per cent will be available for their annual pay increase due this mnnth.

This is in the face of evidence compiled by the independent Pay Research Unit on the basis of outside movements in pay which, according to union sources, shows rises of more than 25 per cent due for the blue collar civil service workers.

The 12 unions involved, though, are unlikely to he able to exert effective pressure to close the gap by means of industrial action. Two years ago industrial civil servants blacked the movements of three quarters of Britain's nuclear suhmarine fleet in support of their pay claim, hut action called last year over the imposed staging of a pay award collapsed all but completely.

There seems little feeling again this year for taking action.

The Civil Service Department is expected to put forward a formal pay offer next Wednesday. The unions hope the offer may he higher than the 14 per cent allowed for under the pay provisions of the service's cash limit.

But the prospects of a significant improvement are not high. Mr. Paul Chanon, Civil Service Minister, has already told the unions of the necessity of sticking strictly to the cash limit figure.

● The Government has again refused a request from civil service unions that it give a guarantee that no compulsory redundancies would arise from the introduction of new technology in Government departments.

Civil service union leaders yesterday saw officials from the Civil Service Department, in what waa described as a "bad-tempered" meeting over new tecbnology. Tbe meeting was the first to he held since the breakdown of talks on an interim agreement before the round of union conferences last month.

The unions, which unlike most involved in seeking new technology agreements, are not looking for pay increaaes in return for their acceptance of new equipment, pressed the department again for a no-redundancy guarantee.

The department said it was impossihle to give sucb a guarantee across the whole of the service. It was possible that there would be pockets of staff who were liable to be made redundant.

The department officials stressed, too, that the introduction of new technology in the service was an important element of the Government's drive to reduce the number of civil servants.

The unions were sbarply critical of remarks made last month by Mr Paul Channon, Sivil Service Minister, who told the National Economic Development Council that equipment was ready to he installed.

The Government would, if necessary, bave to insist that the equipment he used, despite union opposition.

● Senior civil servants in Whltehall yesterday left work early to attond a protest meeting called to voice opposition to the Government's decision, announced on Monday, to reduce the pay increasea recommended for them by the Top Salaries Review Body, chaired by Lord Boyle.

● The review body on armed forces pay yesterday recommended increaaes on salaries of medical and dental officers which would add 18.8 per cent to the group's pay bill.

White-collar threat to disrupt Ford production

BY NICK GARNETT, LABOUR STAFF

WHITE-COLLAR UNIONS bave threatened to disrupt the production of the new Ford Escort, codenamed Erika, over the company'a decision to seek 2,700 redundancies in its UK workforce.

The unions, which are moeting the company tomorrow, are looking for further information on the reasons for the redundancies.

The company has told the unions that the redundancies are necessary largely because of the fall in demand for UK-produced Ford components for the company's European plants.

It told national officials of its manual unions on Monday that it hoped that the redundancies could be achieved voluntarily. If this was not possible—it would be seeking further meetings with the unions.

TASS, the white collar section of the Amalgamated Union of Engineering Workers, said yesterday that the unions believed that the redundancies reflected an attempt permanently to scale down tho company's UK operations.

It said that tho company had suspendod the redundancies programme because of the threat to disrupt the Introduction of the Erika to be launched after Ford's summer plant shutdown.

The car is to be produced at Halewood, Merseyside, with engines from Ford's Bridgend plant.

The manual noions suggested on Monday, the wider use of short-time working to meet the fall in demand but this was not acceptablo to the company. Tho management appeared to leave that meeting with the feeling that the manual unions accepted the position reluctantly.

Ford sees the downturn in demand and the conseqoent dedundancies as a medium rather than short-term problem.

An upsurge in demand would not necessarily result in re-staffing to existing levels because of the company's continued drive to improve efficiency.

Half-time work accepted

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORKERS AT Leyland Vehicle's Bathgate truck and tractor plant in West Lothian, yesterday unanimously accepted company proposal to start half-time work in responso to falling orders.

When they return from the summer break in mid-August, tho plant will operate for one week in two. The arrangement will be reviewed monthly.

After a meeting yesterday, Mr. Jimmy Swan, shop stewards convener, said that tho workers understood that tha motor industry was exporiencing its worst recession since the 1930s.

They did not want Bathgate to be a casualty. The alternative to short time working would be 1900 redundancies, he added.

Shop stewards will also urge local MPs to press tho Government to introdnce import controls on commercial vehicles and to campaign for tho easing of restrictions by other countries on British exports.

Leyland doscribed the decision as a commonsense approach.

Abont a thousand workers will stay on full time work at Bathgate, maintaining essential services and preparing for the introduction of improvements to tho tractor range, and new truck models, due to go into production next year.

TUC to campaign on jobs and economy

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNEMPLOYMENT and the crisis in the UK manufacturing industry, will be tho major themes of the TUC's campaign for economic and social advance.

Leadera of the country's largest unions, meeting in the TUC's economic committee yesterday, agreed that a report recommending a campaign on unemployment should be submitted to the TUC congress in September.

The committee considered proposals from trade unions on the futuro shape of the campaign the major event being the Day of Action on May 14.

One proposal from the General and Municipal Workers Union, argued for greater highlighting of unemployment in futuro agitation, and closer cooperation with the Labour Party.

The TUC will meet the Labour Party's shadow cabinet at a moeting of the TUC-Labour Party liaison committee on July 21 to finalise a joint statement on the economy, to be dabated at the TUC Congress and tho Labour Party conference in September.

The committee will also press for an urgent meeting with Lord Soames, the Lord President of the Council, to discuss the purchase of a compnter system worth £150m by the Inland Revenue.

The TUC fears the Revenue is considering not buying from International Computers, the major UK manufacturer and will make clear to Lord Soames that the purchase of a foreign system would greatly bamper ICL's prospects in the export fiold.

No decision has yet been made by the Government on whether to allow an open tender for the Revenue system, though lohbying by IBM and other U.S. computer manufacturers has beon intense. A decision is expected next month.

Tube operation agreement

BY OUR LABOUR STAFF

THE acceptance of the principle of introducing one person operations on the Hammersmith, City and Circle lines of London's Underground service was reaffirmed yesterday at the National Union of Railwaymens' annual conference.

Discussions are already taking place on how this principle can he put into force, in accordance with the April pay settlement for Tube workers.

The conference made it clear, however, that the pay and allowances offered in connection with one person operations were not acceptable to the staff. This dnos not affect the pay settlement.

Ivor Owen on the Northern Ireland White Paper debate

Warnings of hazards ahead

THE DAUNTING prospects facing the Government in seeking a solution to the Northern Ireland problem through a devolution of power on the bases outlined in the White Paper published last week were underlined from both sides of the Commons last night.

Sombre warnings of the hazards ahead punctuated a major debate on the White Paper which Mr. Humphrey Atkins, the Northern Ireland Secretary, told MPs he hoped would set the "keynote" for the further round of talks which is to be the next stage in the developing of the Government's policy.

Apart from the expected condemnation by Mr. James Molyneaux, Leader of the Official Ulster Unionists, who refused to participate in the earlier inter-party discussions conducted by Mr. Atkins, the Rev. Ian Paisley, Leader of the Democratic Ulster Unionists, admitted that if the White Paper proposals were submitted to a referendum they would be defeated.

Mr. Julian Amery (C., Brighton Pavilion) also questioned the thrust of Government policy, and Mr. Ivor Stanbrook (C., Orpington) tartly demanded an assurance that the Government bad not abandoned its election commitment to the people of Northern Ireland.

For the Opposition, Mr. Brynmor John showed little enthusiasm for the proposal which he claimed was most favoured by the Government—an executive based on majority rule but supported by a new second body known as a Council of the Assembly.

Labour MPs, ha said, would prefer a return to some form of power sharing with the majority and the minority communities represented on the executive.

Mr. Molyneaux lickened the White Paper to political graffiti — "a grotesque caricature of democracy."

He stressed that his party would be prepared to take part in sensible discussions with Mr. Atkins on proposals which might stand at least aome chance of working.

Enlarging on the question posed by Mr. Stanbrook, Mr. Molyneaux argued that the Government bad departed from the proposals in the Conservative election manifesto, as a result of pressure exerted by the Foreign Office.

The Foreign Office loathing for the manifesto proposals, he contended, reflected the fact that they were unwelcome to the Irisb Republic and the Irisb American lobby in the U.S. wbo wera opposed to the union of Northern Ireland with Britain.

As for the White Paper, Mr. Molyneaux solemnly insisted that never before had such a set of proposals been subjected to such public ridicule.

Little of real practical value has emerged despite all the kite flying and speculation of the past 15 months.

"It really is incredible that nothing more than a rehasb of failed experiments has been produced," he said.

Mr. Molyneaux contended that there were grounds for wondering wbether the earlier talks initiated by Mr. Atkins could be seen as a continuation of the cynical game of leadership destruction which had been played in Northern Ireland over tha past decade.

Ona Ulster leader after another be said, had been cynically used and then discarded like an orange sucked dry.

Mr. Molyneaux insisted: "There must be an end to this favourite pass-time of snaring and tempting Ulster's indigenous political leaders into false paths with their inevitable rejection by those who bad placed their trust in them."

He urged the Government to do nothing more which could damage further political cohesion and political atabilty in Northern Ireland.

Mr. Paisley scoffed at Mr. Molyneaux's suggestion that Ulster political leaders who co-operated with the Government in the consultations wbich led to the White Paper might have endangered their positions.

He did not think that any leader of Ulster opinion bad anything to fear from anyone in tbe House of Commons so long as he represented the views of those wbo bad sent him to Westminster.

Mr. Paisley empbasised his concern about the security situation in Northern Ireland and insisted that any effective Government in the Province must be in a position to deal with the defence and safety of its people.

Mr. Paisley warned that if a new assembly did not bave responsibility for security the people would be bound to ask whether it was worthwhile to bave an assembly at all.

Mr. Gerry Fitt, the former leader of the Social and Democratic Labour Party, said be believed that tbe vast majority of the Catholic Community in Northern Ireland would be prepared to accept an assembly —elected on the basis of proportional representation—and a PR Executive.

Mr. Atkins said the debate marked the opening of the next pbase in the developmant of the Government's policy for Northern Ireland.

It would be "a pbase of discussion and negotiation."

He stressed that in considering wbether or not to agree to a transfer of power within the framework of the Government's proposals, the political laaders and people of Northern Ireland would do well to ask themseves wbat would be tbe consequences of a failure to agree.

Drop bipartisan approach—PLP

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR BACKBENCHERS yesterday pressed the Opposition Front Bench to drop its bipartisan approacb to Northern Ireland and adopt unification with the South as as long term goal.

The call came at a special meeting of the Parliamentary Labour Party yesterday morning, just before the debate on the Government'a White Paper on Northern Ireland.

Tbe meeting was only sparsely attended bnt it was clear from the speeches that a number of those backbencbers interested in Northern Ireland feel that discussion on the subject within the party has been surpressed and that Labour sbonld use its periou in Opposition to re-examine its attitude to the wbole subject.

The majority of the II speakers were in favonr of working towards unification. Tbey argued that nothing should be done in the short term to prejudice that aim.

The view of successive Labour Governments has been that any solution to the Northern Ireland situation had to be acceptable to both Catholics and Protestants. This effectively rules out unification.

Yesterday, Mr. Brynmor John, Labour'a spokesman on Northern Ireland, headed off the cause by arguing that the meeting bad been called to discuss the specific issues raised by the White Paper and that it was not therefore the right time to raise the Issue of unification.

'Change structure' of Civil Service

By Robin Pauley

THE CIVIL SERVICE Department has been a total failure which has not run ont of steam because it never had any steam, Lord Crowther-Hunt, a former Minister or State for Higher Education and a member of the Fulton Committee on the Civil Service, told a Commons Select Committee yesterday.

The Department should bave been a battering ram of change to make the Civil Service more professional and efficient. It bad failed bu tha the remedy was not to reincorporate it into the Treasury bnt to change its structure and staff to make it the effective body it sbould have been in the first place.

Lord Crowther-Hunt told a sub-committee of the Treasury and Civil Service Select Committee examining tbe CSD's role and powers that the department bad failed because:

- It had failed to recruit anybody from outside the civil service with experience of business and management to senior positions within the department.
- It bad lacked "clout" and professional expertise because the management service divisions were too small in relation to the job and because there were too few senior ranking officials compared with other departments.
- It bad had too many ministers—five in 10 years—wbo bad not been distinguished enough.

The solution was to restructure the department but to maintain it in its own right. "It is crucial that the man spearheading the drive for efficiency must be a Cabinet Minister with no other responsibilities to distract him."

It was vital to end the ban on recruitment from outside the service at levels above principal so that hig-powered experienced professionals could join the department at influential levels. If salaries were a problem it would bave to be cbanged

Carrington attacks Israel on West Bank policies

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

ISRAEL'S policies in the occupied territories on the West Bank came in for sharp criticism yesterday from Lord Carrington, the Foreign Secretary, in a speech in which he called for practical progress in settling the Arab-Israeli dispnte.

He firmly defended the recent EEC initiative which has come under attack because it stipulatea that the Palestine Liberation Organisation should be associated with negotiations for settlement of the dispute.

Lord Carrington said he remained convinced that tha proposals of the Nine were a "balanced and constructive" contribution towards peace in the Middle East.

The Foreign Secretary was speaking in a Lords Debate on the Middle East, South Africa and aid to the developing world wbich had been initiated by Lord Stewart of Fulham, wbo was Foreign Secretary in the Wilson Labour Government.

Lord Carrington emphasised that Israel, as well as tha Arabs, must modify some of its statements and actions.

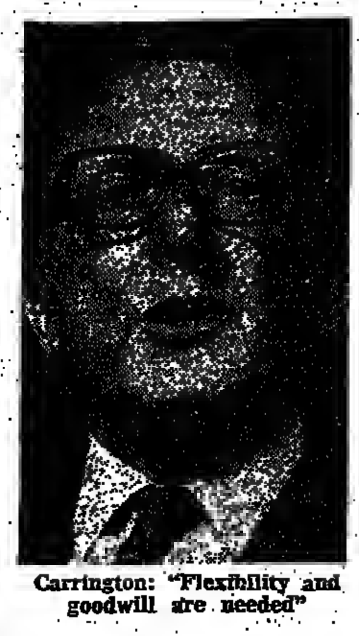
"It cannot be repeated too often that the continuing expansion of settlements in the Occupied Territoriea makes the achievement of peace much more difficult" he said.

"Our fundamental commitment to Israel does not and cannot extend to ber actions as an occupying power. I continue to bope that wisdom will prevail over this damaging policy.

"Flexibility and goodwill are needed in place of dogma and rbetoric."

There was plenty of room for gestures which, without prejudicing negotiating provisions, would help build confidence for talks between Israelis and Palestinians.

He stressed that the European initiative complemented the proposals of the U.S. Britain had to use its influence to persuade both sides to drop the word "never."



Carrington: "Flexibility and goodwill are needed"

"There will be no settlement overnight bot if progress has to be made by the inch rather than the mile, so be it," he told Peers.

The EEC suggestion that the PLO sbould be associated with negotiations did not constitute official recognition of the PLO. It reflected the belief that the PLO enjoyed considerable Palestinian support in the occupied territories and elsewhere and this could not be left out of account if a lasting settlement was to be reached.

The Foreign Secretary wanted to make it absolutely clear that the Nine did not condone unacceptable PLO policies and actions. Britain empbatically rejected aims recently expressed by Al Fatah at its fourth congress in Damascus and be called on the PLO to dissociate itself decisively from them.

The main theme of Lord Carrington'a references to overseas aid was the overwhelming need for the oil producing countries to play a much bigger role by using their buge surpluses to help the developing world.

This year it would cost the developing conntries $35bn more to import the same amount of oil as in 1978. This was a bigger sum than the $22bn in total Western aid to the developing countries in 1979.

"It is inevitable that we should look to those who are accumulating enormous surpluses to make a major contribution to mitigate the effects of oil price increases in developing countries," he declared. "And yet OPEC aid to the developing countries is now below the level that it was in 1975."

On the question of the Brandt Commission Report on overseas aid, Lord Carrington took a similar line to Sir Ian Gilmour, Deputy Foreign Secretary, in a recent Commons speech. The Foreign Secretary emphasised that the private banking sector should play the principal role. He did not take up the Brandt soggestion for a summit of industrial countries, OPEC and the developing world to discuss a major aid programme.

Turning to Afghanistan, Lord Carrington said he was encouraged by recent developments there. The Afghans had shown they would not abandon their struggle for freedom "nor will the sovereign countries of the world abandon them to Soviet tutelage."

He ruled out suggestions for the use of sanctions, including oil sanctions, against South Africa. Some had suggested that these sanctions wonld bring about reforms in South Africa, bnt he thought they would hit South Africa's neighbours, and would be a "tragedy for Africa and the world."

Party row over Labour manifesto

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S proposed draft manifesto was at the centre of a major internal party row yesterday as a press conference to launch it was cancelled at the last moment after objections from Mr. Michael Foot, the Deputy leader.

Behind the decision—announced with no explanation—was a long simmering row over the Left's attempt to take control of the party manifesto and to consolidate tactical gains made at the party conference last year.

Tbe document will still be publisbed today. Included in it will be a number of proposals—like abolishing the House of Lords, renationalisation without compensation, nationalising the banks, and abortion on demand—which Mr. Callaghan would fight hard to keep out of any election manifesto.

But Mr. Anthony Wedgwood Benn, one of the three national executive members dut to chair today's press conference, will be deprived of the platform to promote it. He will not therefore be able to publicly commit the party to debating it at this year's party conference as some of Mr. Callaghan's supporters had apparently feared he would.

Last night, the three chairmen of the cancelled press conference put out a statement "regretting" the decision to postpone the conference without consultation.

The row will now move on to next month's meeting of the full executive where Mr. Foot will raise the whole question of the status of the document. He is also likely to resist any suggestion that conference should be allowed to debate it this year on the grounds that as the rules stand at present, conference has no authority over the manifesto.

Prior admits doubts on MSC

BY PHILIP BASSETT

THE MANPOWER Services Commission had had "money thrown at it" over the last few years, Mr. James Prior, Secretary of State of the Department of Employment, the Commission's sponsoring Ministry, said yesterday.

He said the amount of funding the MSC bad enjnyed had placed it in the "disastrous position" of not even being able to spend it all properly.

Mr. Prior—in wbat amounted to an admission of serious doubts about the Commission's financial control and even its existence as e body separate from the Department of Employment — said the MSC had needed the level of control on its expenditure and staffing levels which this Government had introduced. "This bas bad a good effect," be said.

He told a Commons Select Committee on Employment, discussing the MSC'a corporate plan, that he thought the Commission had had "rather a lot of bad luck" since its functions were separated from the Employment Department six years ago.

It bad been forced to expand very quickly both in terms of spending and staff to deal with rising unemployment. Mr. Prior admitted: "I don't think it bas been able to fulfil the proper role that we hoped for it when it was set up."

Mr. Prior aaid be had thought "long and bard" about winding up the Commission completely, and reintegrating it with his own department.

He admitted that sometimes the MSC could be an embarrassment to the Department.

The Committee pressed Mr. Prior to release to it the draft codes on picketing and the closed shop the Department has drawn up as appendices to the Employment Bill.

In what developed into quite a heated exchange, though, Mr. Prior refused, insisting that under the provisions of the Bill, which be expected to become law by tha end of this month, he could not release the codes before the Bill was given royal assent.

Concern on missiles decision

BY LYNTON McLAIN

BRITAIN'S NATO allies are likely to be concerned about the impact on Britain's conventional forces of a Government decision, widely expected soon, to spend £4bn to £5bn on U.S. Trident ballistic missiles to replace Polaris, MPs were told yesterday.

West Germany in particular was expected to express "strong views" if Britain's conventional forces were put at risk because of tbe UK's emphasis on a £5bn nuclear deterrent programme, the International Institute for Strategic Studies told the House of Commons Select Committee on Defence.

Deterrent

Colonel Jonathan Alford, deputy director of the Institute, told the committee that the costs of Trident would "very likely affect substantially Britain's conventional arms re-equipment programme."

The Government should retain an independent nuclear deterrent as a "weapon of last resort," he said. This would improve Britain's bargaining position in relation to the Soviet Union.

The Institute believed Trident was the best new U.S. ballistic missile system but it was "deeply concerned about the cost and the question of wbich warhead would be fitted."

Cheaper solutions—including a force of British-owned and controlled Cruise missiles with up to 450 nuclear warbeads—ahould be considered to maintain Britain's deterrent in the 1990s after the Polaris submarines have reached the end of their useful lives.

Colonel Alford said the Cruise missile option is now "somewhat more feasible"

Plans already exist for U.S.-owned and operated Cruise missiles to be based on Britain. But these are considered to be "theatre nuclear weapons"—destined to be used in "limited" nuclear exchanges with the Soviet Union—rather than strategic nuclear weapons designed to deter a wider nuclear conflict.

The committee was told that Cruise missiles as strategic weapons "must now be regarded as serious contenders" as successors to Polaris. The Cruise missiles were favoured rather than Trident missiles on the grounds of cost and in terms of their ability to act as a deterrent when based on relatively cheap mobile platforms on land or in coastal waters.

The institute said Cruise missiles were not an ideal solution, but they were "cheap." Each missile would cost $1m and a U.S. nuclear warhead would cost an extra $1m.

A force of 150 Cruise missiles would cost between £200m and £250m. Lorries provided the cheapest launch platform, but Colonel Alford also suggested "fast patrol boats, hovercraft, conventional submarines or nuclear-powered submarines."

A "functioning Cruise missile" deterrent system could be bought for a total of less than £1bn, compared with the £4bn to £5bn for a fleet of five Trident submarines.

But Britain would have a number of problems if it decided on Cruise missiles.

The U.S. has control over the detailed targeting information and satellite guidance system essential to guide Cruise missiles to within a few hundred feet of a target. This information may not be made available to Britain, and the missiles would then have to rely on "intertial guidance" a well-known technique but accurate only to about threa miles over a three-hour flight.

Problem

Britain also has the problem of either buying nuclear warheads from the U.S.—in which case the U.S. may exercise some control over tha "independence" of the British deterrent—or making its own miniature warheads.

Cruise missiles are also likely to become increasingly vulnerable to Soviet air defences towards the end of the century. This would force Britain or the U.S. to develop electronic counter-measures that could lift the $1m cost of each missile to between $3m and $5m each—which may cut the present cost advantage over Trident, the Institute said.

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THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

JWT answers back with business gains of £10m

J. WALTER THOMPSON has apparently weathered recent problems. In the past two months, what was once Britain's biggest advertising agency has flicked up its skirts and put together a succession of new business wins, the latest of which is next year's launch of the Philips VLP Video Disc.

Initially, the disc business will be worth £500,000, but is bound to grow. JWT's new business gains so far this year total more than £10m. Last week it won the £1m St. Ivel Gold dairy spread account from Boase Massimi Pollitt. Other wins include the Huntley and Palmer range from Associated Biscuits. Scotties (£600,000) from Bowater-Scott, Bacardi (£1m), Soya Mince (£750,000) from Brooke Bond Oxo, and Irish Velvet (£400,000) from the Findlater Matta division of Beecham.

JWT had a poor year last year. Mainly as a result of the ITV strike, billings fell from £64.4m. to £62.8m, and profits were reduced by 30 to 40 per cent. It surrendered the top spot in UK billings to Saatchi and Saatchi, and appeared to have run out of steam.

Its revival could not be better marked. Projected main-agency billings this year are already £81m, excluding new business gains. First-quarter billings were 60 per cent up on last year. After its recent indifferent showing, the agency says it took "certain internal steps" towards rejuvenation.

In part, its troubles stem from past success. Chairman Jeremy Bullmore agreed in May that the agency had been far less successful in the growth areas of advertising, such as retail, than it might have been.

"We are seen as the best packaged goods agency with the very best track record in developing new brands," he said, expounding an attractive philosophy of adversity-in-success. "Our reputation is so strong that it makes non-traditional clients, like retailers, consider us unsuitable. If our reputation were worse, we would do better."

JWT also seemed to have gone soft on the new business front. In the course of last year it was shortlisted for the £6m British Rail account, as well as BP's corporate adventure, but was pipped by younger and more aggressive rivals.

Johnson for S. Africa

MIKE JOHNSON, joint managing director of D'Arcy-Macmanus and Masius, is to take over the chairmanship of Masius's South African operation at the end of September.

Mike Johnson of Masius: one of advertising's shrewdest spokesmen

He joined Masius in 1968. Before that he worked for 11 years on the marketing side of Unilever, the last three of which as marketing director of Lever in Thailand.

Over recent years he has emerged as one of the shrewdest and most coherent spokesmen for the advertising profession, as well as a vigorous defender of the full-service agency system.

Masius has been active in South Africa since 1971. It has offices in Johannesburg, Pretoria and Cape Town.

Mr. Johnson's client responsibilities at Masius in London included Mars, its Pedigree Petfoods subsidiary, Beecham, Carnation and Nationwide Building Society. He has also been highly active on the administrative and new business fronts.

Masius is not short of top management in London. Chairman David Lee has resumed work after a mild heart attack earlier this year, and there are two deputy chairmen, Bert de Vos and Dick Wrathall. Alan Clark now becomes sole managing director.

Mr. Lee said this week that Mr. Johnson had made a major and lasting contribution to the London agency's organisation and operation. "His executive talents, together with his enthusiasm for the advertising business, will, I am sure, guarantee his success in the challenging role in South Africa."

Masius clients in South Africa include Colgate, Mobil, Hoover, Brooke Bond, Oxo, White Horse Whisky, Mercedes and General Tyre.

Masius is Britain's third biggest advertising agency, with billings last year of £64.5m.

A taste for chicken

BRITAIN HAS developed a morbid taste for chicken. In 1979, total UK chicken sales, including fresh, frozen and portions, climbed to 311,000 tonnes, putting them second only to beef (466,000 tonnes), with pork (240,000 tonnes) and lamb (237,000 tonnes) trailing somewhat behind.

The total chicken market last year was worth £364m, which explains why Farmer's Table, a subsidiary of Fitch Lovell, is spending £100,000 this summer to promote its branded chicken.

The campaign, it says, will be concentrated in the Southern TV area, where its sales strength lies. The objective will be to promote awareness of the brand in a market where the consumer generally displays little brand loyalty.

Farmer's Table has an estimated 8 per cent of the market, behind Buxted (part of Imperial Foods, an estimated 35 per cent). Sun Valley and FMC (around 11 per cent) and Marshall's (10 per cent). Moy Park, part of Courtauld, is fifth.

Since 1975, the total spent on chicken advertising has grown nearly five times in real terms. In the past, it was mostly generic, although branded advertising now accounts for around 40 per cent of the total.

Fitch Lovell grows all its own chickens. It has approximately 45 farms and four factories.

Farmer's Table says its new commercial, by Saatchi and Saatchi, stresses the voluptuousness of fresh chicken, because this is the growth area in a basically static market.

Increasingly, research shows that the consumer does not want "messed about with" food products, says Farmer's Table. In descending order, the consumer wants food that is fresh, chilled, frozen, bottled, canned, dried. Hence the new campaign slogan: "If you want to buy a fresher chicken—you'll have to buy a farm."

WHY LONDON NEEDS A MAJOR SALES EFFORT

Protecting our shrinking tourist invisibles

THE MEN who market Britain, or any tourist honey pot, face one intractable problem: they cannot change the product. They cannot move Stonehenge, or redesign the Tower of London, and none of us would wish them to; but neither can they moderate inflation, tame the pound or tackle rising fuel costs, three of the main reasons why Britain's earnings from tourism this year are expected to be held to between £3.7bn and £4bn—a gain, in cash terms, on the £3.5bn earned last year, but a fall in real terms because of inflation.

Neither can the marketing men do anything to combat specific problems in the capital. London remains the key to UK tourism. It is still the world's most popular tourist destination. And yet in the opinion of at least one MP, Nicholas Baker (Dorset North), London is in a deplorable state.

Hence the need for a big new sales effort along the lines of the £2m-£3m campaign announced last week by Sir Henry Marking, chairman of the British Tourist Authority, which is working on a bold new push to promote London overseas.

The BTA wants help from all corners of the tourist trade, but particularly the retailers. Tourists are reckoned to have spent almost £450m in London's shops and stores last year. "If tourism in London withers," says Sir Henry, "then tourism to the rest of Britain will wither. If you look around, London is affordable—that is what we must try to get across."

It is his hope that London itself will raise £2m for next year's campaign, to which the BTA would hope to add another £1m.

An outline campaign for the BTA has already been prepared by Ogilvy Benson and Mather. For those unfamiliar with the cotton wool prose in which campaign proposals like these are often presented, I can reveal that the campaign strategy as described by OBM is:

"To develop a campaign theme which tells people more about London so that they can reassess the varied ways in which London is a high interest, unique and good-value travel experience . . . To adopt a confident tone which celebrates the London experience and the total value it offers . . . We should conteract negative impressions by stressing the positive—we should not be defensive . . . "—and so on.

The marketing division at the BTA is skilled at making something out of little. It has a staff of 16, an advertising budget of £3m, and services the BTA's 24 offices abroad. In 1979-80, it spent £1.2m on advertising in the U.S., £1.4m in the important European markets, and £400,000 elsewhere, mainly in Canada, Australia, New Zealand, South Africa and developing markets.

The marketing director, Frank Kelly, produces a detailed marketing plan, complete with commentary, statistics, and marketing grids.

As the plan says, 1979 was a difficult year for U.K. tourism. There was the worst winter since 1962-63, closely followed by a period of industrial unrest, the results of which were often "grossly exaggerated in the overseas media." There were fuel shortages and higher petrol prices, an almost-doubling of VAT, the grounding of the DC-10s, rising inflation, and hotel prices, and the strength of sterling.

Although increased traffic from Latin America, the Far and Middle East, Africa, and southern and eastern Europe, compensated for a fall in traffic from a number of major markets, notably the U.S. and Canada, Germany and the Netherlands, Britain's overall share of world traffic declined further from the peak of 5 per cent reached in 1976, to 4.7 per cent (12.6m trips to Britain).

The BTA's marketing objectives, as laid out in the plan, are to optimise foreign currency earnings while increasing the number of visitors to, the regions (particularly the development areas), and to extend the season.

Although total revenue did not keep pace with inflation last year, at £3.5bn, including fares paid to British carriers, it provided an important boost to the balance of payments. (In 1978, tourism was the UK's biggest net invisible earner, accounting for 17.6 per cent of invisible earnings, and 6.8 per cent of total exports, more than cars, lorries, ships and aircraft put together). In 1981, the BTA expects tourism to earn a total of £4.2m, including payments to carriers. We need the money.

A TOBACCO MONOPOLY REWRITTEN AT THE STROKE OF A PEN:

Napoleon's model market falling apart

BY TERRY DODSWORTH IN PARIS

EXCEPT FOR a brief period after the French Revolution, France's tobacco industry enjoyed monopoly status for the best part of the 400 years which preceded the Treaty of Rome. Its structure showed all the best aspects of French state-run industry, providing profits for the Government, assured markets for the planters, and safe jobs for everyone concerned.

But this comfortable, protected system has been rewritten at a stroke of the Common Market lawyers' pen. Under pressure of overseas competition, the monopoly is falling apart so fast that the system Napoleon created to pay for his wars could soon be demanding state subsidies.

The coup de grace was delivered, ironically, by the actions of another Government department, which brought in anti-smoking legislation in 1976. This effectively froze all growth in the French tobacco industry—it had been expanding at about 3 to 4 per cent a year—and encouraged a switch to the lighter coloured, milder North American tobacco which smokers consider less threatening to health.

Since the Government was also holding tobacco prices artificially low in comparison with the general retail price index, the higher price of foreign brands proved only a small disincentive anyway. The market share of French tobacco, standing at 94 per cent 10 years ago, dropped to 80 per cent by the end of 1979, and lost a further five points in the first half of this year.

This collapse has had a disastrous result on the finances of SEITA, the monopoly cigarette producer, which has run up cumulative losses of more than FFr 700m ($167m) since 1975. Its debts have also risen sharply, and it is set to lose another FFr 300m this year. At the same time, Perigord tobacco planters, who have been producing since explorers returned with samples from the Americas in the 16th century, are facing severe cuts in output.

For the Government of M. Raymond Barre, the Prime Minister who consistently preaches the virtues of international competition, the situation clearly provides something of a test case. The response has been a typically cautious but calculated policy change. SEITA is to be given more independence and inducements to compete. But the industry is not to be pushed too far from the established pathway, and the Government is to provide better market conditions by way of price increases.

These changes are being made by the undramatic means of altering SEITA's status from a "service" to a "Société"—in effect, from a departmental branch of the Budget Ministry to a nationalised company in which, private interests may eventually own up to 33 per cent. As a result, the Government argues, SEITA will have independence of management and the freedom to make day-to-day decisions without reference to the Civil Service. This, in theory, should mean more efficiency, profits and, perhaps, big exports.

Given the deficits of some of France's nationalised industries, these are by no means foregone conclusions. This is particularly true for the tobacco industry, since the situation now facing SEITA and the planters has changed so completely. The strength of the previous system, established with typical Napoleonic precision, was that it gave almost total security to everyone within the vertically controlled system of production and sales. Import levels were centrally established and their sales administered by SEITA. In the free market era which the industry is now entering, there is no such certainty.

The most importan element of the integrated system was underlined between 1970 and 1976 with the progressive abolition of SEITA's distribution and marketing monopoly. The reversal of its fortunes stems fundamentally from the loss of market control which this change entailed Foreign manufacturers, though still using the SEITA wholesaling network, have swept in with highly successful advertising campaigns which have undermined the image of the French product and are forcing a complete overhaul of SEITA's methods.

What the foreign advertising has done is hit at the very basis of French cigarettes—the strong smelling dark tobacco of which about 50 per cent is grown in th Perigord region and which gives the unique flavour of the long-established Gauloise (launched before the 1914 war) and Gitanes (1922).

By contrast, the lighter coloured North American tobacco is proving attractive to women and younger smokers. Some 70 per cent of all young smokers choose light brands, partly because of skilful advertising and partly because this type of product is widely believed to be less noxious.

SEITA argues that this sudden change is illogical. According to its figures, its filtered Gauloise and Gitane brands, which still command 68 per cent of the French market, contain about the same, or even less, nicotine and tar as those of their main North American rivals. The first element of its counter-attack will, therefore, lie in trying to get this message across, partly through publicity, partly through new brands.

At the same time, efforts will be made to develop dark tobacco sales overseas, especially in markets like South America and Africa.

The second element of the counter-attack will be to launch into the light tobacco market a series of new products. SEITA already has its own light brands such as Royale or Rich- and Light, but they have proved no competition for the imports. The company is hoping for great things from a new brand due this autumn.

Thirdly, SEITA is to receive a helping hand from the Government in the form of a 15 per cent price increase this month.

Within the Common Market context, the Government probably has litle choice in pushing SEITA towards a more flexible style of management. But at present, neither the planters nor the workers are convinced. There are many who would prefer the old certainties of an organised market to the free-for-all of international competition.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Extraction of heat from flue gases

THERE IS nothing complicated about a heat pipe. After all, it is just a sealed tube containing a wire mesh wick filled with an appropriate liquid, and the vapour from that liquid.

But its capabilities, first appreciated during the rapid development of space vehicles in the last decade, are such that designers are harnessing them to achieve spectacular energy savings.

Foremost among the characteristics of the heat pipe is its ability to transfer heat energy over at rates between 500 and 1,000 times those possible with solid metal conduction.

This stems from the fact that when one end of the tube is heated, the liquid in the mesh turns to vapour, absorbing large amounts of heat in the process. The hot vapour travels to the cold end of the pipe, yielding up its latent heat of vaporisation as it condenses, and this heat can be applied to other processes.

The condensed liquid is absorbed by the wick and travels back to the hot end of the tube by capillary action and the cycle begins afresh.

There are no moving parts and deterioration over many years is minimal.

Scurrah Hytech has been working on a number of applications of this technology to waste heat recovery for several years and has successfully set up two industrial units with heat recoveries of 1.6 and 1 therms/hour respectively. The first is used to take heat out of the exhaust gases of a gas-fired sugar boiler and use it to heat plant water. The gases originally were exhausted at 645 degrees C. This temperature has been reduced to 390 degrees with a consequent extension of flue life.

Some 50 heat pipe protruding 7 ins into the flue and 5 ins into the water manifold do the work and even though gas in this instance is the cheapest fuel, pay-back is put at 14 months.

In the second application, steam boiler exhaust in a dairy has been reduced from 250 to 170 degrees and the heat recovered fed to intake water. Some 90 pipes are required with 14 inches in the flue and 4 in the manifold and the payback is the same at 14 months though, in this instance, firing time is double at 60 hours/week.

The company has carried out a series of studies of other industries, including pottery operations where it has been shown that savings of £30,000 a year can be achieved with muffle kilns on a capital expenditure of one-third that sum.

In wire patenting furnace applications, where the operating temperature is still higher and the exhaust runs at about 1,000 degrees C, annual savings of £37,000 result from an investment of £8,000.

In general, where there is a continuous process in which flue gases are emitted at high temperatures, there is an application for heat pipe recovery systems which are comparatively simple and quick to install.

The company some time ago applied the same principle to recovering heat from open fires that otherwise would be lost to the surrounding firebrick in the fireplace and the flues. Houses and fires vary considerably, of course, but typically the simplest installation would continuously recover an extra 5kW of heat from the open fire to feed into a hot water radiator system.

Further details from Scurrah Hytech Products, 6 Market Street, Soham, Ely, Cams CB7 5JG.

Insulating a big ice cream plant

A major low temperature insulation project at Walls' ice cream factory in Acton, West London, is about to be completed by Dee-Cee Contracts, 165a Upper Heath Lane, Dartford, Kent (Dartford 72521).

Current programme covers the total insulation of the low temperature pipes leading to a new freezer plant, and vessels within this area are also being similarly treated under a contract which completes phase one of a major redevelopment scheme by the company.

Pipework in five diameters (from 8 inch down to 2 inch) is being encased in 6 inch thick fire resistant polystyrene sections applied in two layers with staggered joints set in adhesive.

These heavily insulated pipelines (carrying substances from low temperature ammonia liquids to hot gas supplies) are then vapour sealed using a bitumous based material, brush applied in two coats.

All vessels, including surge drums and horizontal receivers, are being treated to the same process and finally encased in made-to-measure aluminium cladding fabricated from 22 gauge sheeting.

● HANDLING

Goodbye to flour sacks

DISTRIBUTING FLOUR from the miller to the baker, a problem for the industry since the days of waterwheels and windmills, has been simplified by the invention of a new containerised dispenser called Condor by the developers.

Self-contained within a standard aluminium framework and having its own diesel motor, the dispenser enables flour to be transported by ordinary commercial vehicles. It is possible to convey up to three bulk silos, each holding 7 tons of flour.

On arrival at the bakery the flour is removed by vacuum from the silos at a speed of nearly one ton per minute into one of two load-cell mounted weigh bins which form an integral part of the container unit and have a capacity of 200 kg each. As one weigh bin is filled to the required capacity the flour flowing to that bin is automatically diverted to the second weigh bin and while that is filling the contents of the first bin are blown via feed tubes to the bakery's own bulk storage facilities. The sequence is then repeated until the exact amount of electronically recorded flour needed by the bakery has been dispensed.

Condor has been under development for four years.

European Process Plant of 175, High Street, Banstead, Surrey is marketing Condor throughout the United Kingdom.

Cuts cable laying time

DANISH ENGINEERS have incorporated a powerful Boughton Series 5H hydraulic winch into a newly developed cable-laying system (worked by two men), which together with a cable drum-carrying cradle, promises to reduce cable laying time by 50 per cent, says T. T. Boughton and Sons, Bell Lane, Amersham, Bucks (02404 4411).

System is designed to function effectively in any terrain passable by a lorry powerful enough to run ahead carrying the filled cable drum.

A specially designed plough cuts to a depth of 1.1m (without disturbing the earth layers which could cause inconvenience during subsequent cultivation) and is winched through the soil to make furrows. At the same time, the electric cable is pulled into the ground at a controlled speed.

Details of the system are available from the maker, Fritz Halvorson AS, Bredgade 203, 9700 Bronderslev, Denmark.

● QUALITY CONTROL

Looks inside castings

AN X-RAY quality control unit specifically designed to look for flaws in aluminium castings has been developed by Wells Krautkramer, Blackhorse Road, Letchworth, Herts (04626 2644).

The X-ray source, inspected component and imaging screen are housed in a 1.9 metre-sided screened enclosure; the operator, seated outside at a console with television monitor on which the image appears, can also see the inspected component through a window. Since the results are immediate, a rejected casting can be returned to the melt at once while adjustments are made to the process to correct the fault.

A Philips X-ray source is used together with an Oldelft Indeca imaging system having a 10 inch x 12 inch fluorescent screen; thus, quite large castings such as gear box casings and engine blocks can be inspected.

The fluorescent image is picked up by a military grade low light TV camera via a 45 degree mirror. A table is provided inside the X-ray enclosure that allows the component to be moved and rotated.

● MATERIALS

Growing use of cultured marble

USING A variety of resins and fillers to create flat slab, a Hungarian first produced "cultured marble" in California in 1958. The material was simply a substitute then for laminate-covered chipboard and for the first products, ceramic or metal bowls were placed in a hole in the middle of the slab to effect a vanitory top.

Two years later, a major industry had developed with the result that over half of all new homes built in the U.S. since 1975 now contain at least one piece of cultured marble.

Technology produced intricate shapes, and makers of cultured marble could offer products which were not practical in any other material—such as working surfaces with integral bowls and backstands.

Nearly all Western countries have a cultured marble industry, with some beginning to rival the U.S. on a size for size basis. The Dutch were pioneers of the use of this material for kitchen work surfaces, and other Continental countries have specialised in window sills, fire surrounds and panelling.

Now a British company (incorporated in 1978 with the objective of making the material for the sanitaryware market) says it is one of the few manufacturers in the world that can offer a complete bathroom suite made from cultured marble. This company, Elliott-Powell, of 58 Burners Lane South, Kiln Farm, Milton Keynes, Bucks (0908 567345) says architects and specifiers can now see at its factory how modern techniques enable the moulding of units into one-piece units of widely varying shapes and designs, incorporating moulded corners and edges.

These techniques, says the company, undoubtedly hold down the cost of installation and prove the products' benefits over grp/polyester resins and laminated material fashioned items.

Elliott-Powell has just produced a marble finished material bonded on to a honeycombe aluminium backing for use as wall cladding or decorative finish in buildings.

Also under development at Milton Keynes are onyx and marble coffee table tops, wall claddings, vanitory units for hospitals, schools and laboratories and industrial storage tanks.

DEBORAH PICKERING

● TEXTILES

Analyses fibre blends

INCREASINGLY THE world textile industry is manufacturing fabrics from blends of various fibres. Typical of such trends is the ubiquitous polyester/cotton blend shirting which, in the U.S. may be a 50/50 blend, while in Europe blends of 50/50, 67/33 and 70/30 are often found.

Other, and more complex, blends are used in other sectors of the trade.

Now the manufacturer and the user can check the precise proportions of the main elements of whichever blend with the Ford fibre blend auto-analyser. This enables values to be obtained rapidly, semi-automatically and safely.

The accuracy of the analyser is claimed to be within ±0.5 per cent, which compares with the standards laid down by the EEC of ±3 per cent. Clearly a small variation of blend components can be reflected in changed costings of a particular yarn or fabric.

The Ford fibre blend analyser is built by James H. Heal and Co. (Richmond Works, Lake View, Halifax, W. Yorks. 0422 66355), and it can cope with samples of up to 9 grams weight.

The technique used is very simple. A series of five chambers are pre-loaded with fibre solvents and the sample is taken through these baths in sequence. At each step the solvent will remove one of the constituents of the blend. The residue from the bath is then precisely weighed to determine the percentage composition of that part of the blend.

In this way a complete analysis of the blend is made. Normally it is very unlikely that more than five fibres will be used in any single blend, so the provision of five baths of solvent should be quite sufficient for most textile manufacturers.

● AUTOMATION

Control from a distance

FREEMAN Enercon, Cambridge-based energy conservation specialist company, is using a new remote signalling technique called Mercury, in conjunction with more conventional controls. Transmitting/receiving equipment which uses a signal impressed on the existing house or plant wiring is used to operate remote equipment.

Intended to give control of distant plant—up to 500 metres—from a control point in an inexpensive manner, the new technique enables local zones to be controlled to a time schedule without the need either for a multiplicity of local time switches or for hard wiring.

Basic Mercury systems provide 8 or 16 channels and each channel can serve a large number of receivers. Conventional programming inputs can be used; or Enercon offer a 15-channel programme timer with 9 switchings per channel to dictate the load schemes.

Applications to heating, lighting and mechanical plant control are numerous and include pumps, zone valves, lighting, as well as the overall shutdown and start-up of whole sections of remote plant and facilities.

Enercon says that since a one-channel receiver cost about the same as a time switch, overall costs of the system are obviously attractive.

Freeman Enercon, P16 Trafalgar Way, Bar Hill, Cambridge. 0954 81726.

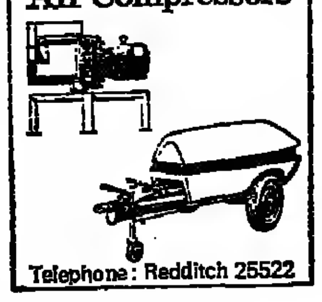
● MACHINE TOOLS

Calibration by laser

A MOBILE machine tool calibration service based on the use of a Hewlett Packard 5525B laser system and able to monitor straightness, squareness and positional accuracy has been launched by Sogenique (Service) of Newport Pagnell, Bucks MK16 0AL (0908 611460).

The technique uses a laser interferometer remote from the tool, the latter carrying a reflector. Once positioned for a particular machine tool the laser head does not need to be moved: using different combinations of cube corner reflectors and remote beam splitters it is possible to carry out a complete check of straightness, squareness and parallelism. For displacement measurements use of measuring site sensors to monitor air temperature, atmospheric pressure and humidity enables a resolution of 0.1 microinch to be obtained.

Results are processed in minutes by calculator and plotter and then become the property of the customer.



● COMPUTERS

More power for big machine

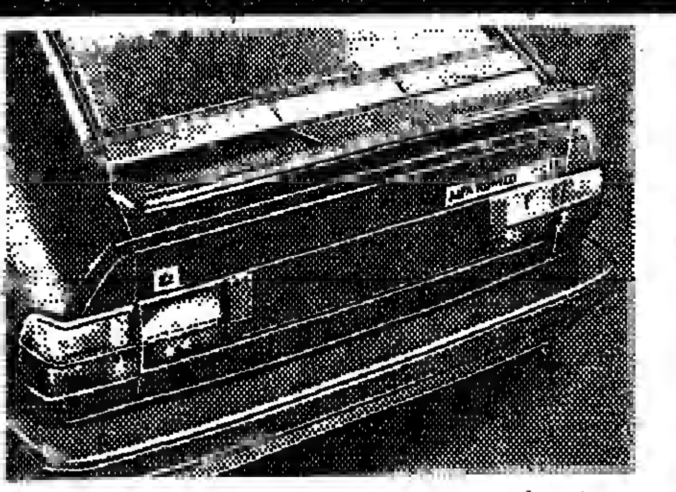
ESPECIALLY suited for scientific and engineering applications, a new version of the big Univac 1100/80, the "S" machine, incorporates a scientific accelerator module, which is a very high speed LSI bi-polar gate array device.

Memory expansion will take the current 4m word 1100/80 systems up to a maximum of 8m words or 32m bytes, in 2m word increments.

Increased speed, storage expansion, and the recent announcement of the array processor subsystem in the U.S., is an indication to the scientific user of the importance the company places on this market.

Performance of the basic 1100/80 has been increased by at least 25 per cent with the 1100/80 S.

Univac is at 65, Holborn Viaduct, London EC1 (01-236 1010).



JOBS COLUMN

Curtain raiser · China-watcher · Stumped

BY MICHAEL DIXON

A BRITISH engineering group planning a big expansion of its business in Russia must be an extremely rare phenomenon these days. So one can understand why recruitment consultant John Briggs of David Sheppard and Partners, who has discovered one, found it an "invigorating" experience. Whether it will prove rewarding as well, however, depends largely on his also discovering a commercial manager capable of carrying the planned expansion into effect.

The Midlands-based group specialises in the provision of complete industrial plants as "package deals." The plants it supplies in this way are for a wide variety of processes and products, but all are very costly of course, and each project takes several years to complete.

A number of contracts worth £50m or more have already been won from Soviet satellite countries in Eastern Europe, where the newcomer will be expected to promote further custom. But the main responsibility will be to establish the company as a major supplier of industrial plants to Russia *itself*.

The idea is that the recruit will take the lead not only in identifying suitable opportunities and persuading the appropriate Ministries and import agencies to invite the group to tender, but also in assembling a competitive proposal and in negotiating the deal through to settlement. This will require high-level contact with company colleagues and staff of other United Kingdom and overseas manufacturers, with financial institutions, and with officials in the customer countries. So at least four or five months each year will be spent in the Eastern Bloc.

Would it be any easier to negotiate orders out of the Russians nowadays than to negotiate their troops out of Afghanistan? Easier, yes, replied Mr. Briggs, who has done some selling in Eastern Europe, but far from a doddle nevertheless.

"Getting the entrée isn't all that difficult. The main problem is what to do when you've got it. Unless you can pretty quickly find out where to go and whom to see, you can tie yourself into a kind of web of officials who'll never give you a positive answer."

Might one call that the old boy nyet? I inquired, drawing on the scattered remnants of my study of Russian during National Service.

John Briggs groaned, but smartly added that proficiency in Russian or another Slav language was considered an important qualification for the job, although not quite as essential as experience or at least a developed interest in trading with the Soviet Union and its satellites.

"The actual negotiating will almost certainly be done in English," he said. "But there's no doubt that it can make a valuable difference if you're able, when conversing with them in English, to understand what they're simultaneously thinking in Russian. So while the prime thing we're *looking for is* good knowledge of the commerce of the area, anyone who is a linguist as well would have a definite advantage. An engineering background and a relevant qualification would be useful too."

Salary, he continued, would depend on what sort of applicants were available. But my estimate would be about £12,500 for a youngish person without much experience to £20,000-plus for a well-matched candidate.

Inquiries to Mr. Briggs at 21 Cleveland Place, St. James's, London SW1Y 6RL: telephone 01-930 8786. Since he may not name the company, he guarantees to honour the request of any applicant not to be identified to the employer without further permission. So do the rest of today's recruiters.

Developer

I HAVE a feeling that going straight from Russia to China would be considered in poor taste at the moment by either of those countries. But that is what we are doing, because Tony Barker of Merton Associates (Consultants) is in the hunt for a market development manager to work with a big internationally owned group based in Hong Kong.

The main task will be to keep a detailed watch on the economic affairs of the Chinese People's Republic, with a view to identifying opportunities for the employing group to take part in joint ventures, to win orders for turnkey projects, and to supply various products and services including know-how.

The person the group has in mind, Mr. Barker says, is either an economist or a market researcher by training, who has gained an insider's knowledge of industry and a sound appreciation of China's economic planning and practices. But *candidates* must be able to show that they can go beyond theory and back-room technique and help in developing the business possibilities they identify, into successful operations.

Although living in Hong Kong, the recruit will be visiting and negotiating with China. So although proficiency in one or other of the main Chinese dialects is not essential, it would help.

The job is described as "demanding," but since it is apparently seen as crucial to the group's plans for expanding in line with Red China's projected industrial development, there would no doubt be good prospects of advancement for someone who did the work well.

Starting pay will be up to £20,000, and perks will be of the usual expatriate kind, including accommodation and various allowances.

Inquiries to Tony Barker at Merton House, 70, Grafton Way, London W1P 5LN; telephone 01-388 2051, telex 8953742.

Treasury work

NEXT COMES a London-based job being offered through Norman Philpot of NPA Recruitment Services. But since today should see the start of the Old Trafford test match against the West Indies, it seems appropriate to refer first to Mr. Philpot's preferred vocation as a cricketer.

Having spent several hours hearing of his exploits as batsman and bowler, I mentioned him in this column last year—in, as I thought, his own words—as "the right-handed Gary Sobers." In fact, he is *also left*-handed and he has since been nagging me to give him what he claims is his proper title.

Being a person to whom the great names of cricket are sacred, however, I felt that it *would be blasphemy to connect* Norman Philpot for a second time with the great West Indian all-rounder. But he has finally broken through my defence.

Clipped to the job-description which has just arrived from Mr. Philpot, is a handwritten inscription. It is addressed to "the white Gary Sobers." And the writing and the signature are those of Clive Lloyd, the current West Indies captain!

The job is for a financial and treasury analyst with an American group with interests ranging from consumer products to shipping and energy. These activities include more than 30 different concerns in Europe, the Middle East and Africa, and the recruit will join a small group of specialists in London looking after the treasury operations and cash-management of *these scattered* businesses.

Candidates need experience on the treasury side of an industrial group, or to have worked in international banking with responsibility for foreign exchange matters or corporate dealing. The salary bracket is not quoted, but Mr. Philpot thinks that it would be unlikely to match the expectations of a suitably skilled person aged more than about 30. So my estimate would be £9,000 to £12,000.

Inquiries to him at 60, Cheapside, London EC2; telephone 01-248 3812.

"Equally," he adds, "I am most interested in hearing from FRN traders, bond dealers and Eurobond salespersons for a newly established department within a prime international merchant bank — salaries (heaven knows these days!) around £15,000 to £20,000."

COST CONTROL ACCOUNTANT
OIL INDUSTRY

ABERDEEN — **c £13,000**

Our client is a leading oil company operating in the North Sea, whose rapid and successful growth means that they now need someone to supervise a team of five others, to provide administrative and financial support to the Drilling Division.

Based in their new Aberdeen offices, you will work closely with the Drilling Manager and Senior Drilling staff. Your responsibilities will include the maintenance of the drilling cost control system, the preparation and co-ordination of capital, overhead and operating budgets, management reports and expenditure forecasting in respect of all current and proposed drilling projects.

If you have an accounting qualification with some sound experience over several years in both drilling cost control and analysis and oil operations, the company's projected expansion combined with their management development policies provide excellent opportunities for promotion.

In addition to an attractive salary, company benefits include a non-contributing pension plan, free life assurance, free restaurant facilities and a very generous relocation package.

To apply in the first instance, please contact Mrs. S. Jagger at the company's advisors, Cripps, Sears and Associates, (Personnel Consultants) Burne House, 88-89 High Holborn, London WC1V 6LH, telephone 01-404 5701, telex 893155.

Cripps, Sears

General Manager

C.W.S. Grocery Group • £20,000-£25,000

This is one of the major General Manager jobs within the C.W.S. offering the successful candidate the opportunity to revitalise, develop and expand the total operation on a profitable basis to meet the new challenges of the Eighties and beyond. It reports to the Controller of the Food Division of the Co-operative Wholesale Society Limited and is Manchester based.

The Grocery Group comprises a £120m foods business with eleven factories which market and distribute a range of packaged teas, biscuits, preserves, confectionery, canned goods and other products to Co-operative Retail Societies under the Co-op label and to other outlets at home and abroad. Over 3,000 are employed.

Candidates must demonstrate several years' successful general management experience carrying profit accountability for the manufacture, marketing, distribution and development of a national multi-product packaged foods business. The ability to maximise resources and achieve profitable growth is vital.

He or she is unlikely to be less than 40 and should hold a relevant qualification. Strong financial acumen, a disciplined management style and a reputation for solving some of today's complex problems in the competitive food manufacturing industry will be especially looked for.

Please write in confidence to H. C. Holmes at Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE, who are retained to advise the Society.

Bull Holmes
PERSONNEL ADVISERS

Financial Comptroller
International Insurance

for a City company belonging to a leading American brokerage-oriented insurance group with 19,000 employees world-wide and a net operating income of over $230m.

Working closely with the Managing Director and sitting on the Board, the Comptroller's tasks will be to direct the company's financial accounting activities particularly management reporting and control, tax and legal compliance, budgeting and financial administration.

Candidates, 35 plus, must be qualified accountants, from the insurance industry, who have exercised financial control at senior level for some years involving considerable experience with computer based administrative systems.

Salary up to £20,000; car; opportunities for promotion internationally; relocation assistance. Location Greater London.

Please send full details – in confidence – to L. C. Koppen ref. B.42035.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

MSL
Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Opportunity in Bermuda
Inspection Officer

The Bank of Bermuda is a major Bank on the island and is seeking a qualified person to manage the audit function of its Inspection Department. This Officer will report to the Bank's Assistant General Manager/Chief Inspector and be responsible for...

Establishment and maintenance of standard for reviewing the Bank's internal controls: identification of weaknesses and recommendations for improvements.

Review of Electronic Data Processing systems and operations to ensure accurate data processing and the security and integrity of our EDP facilities.

Inspection programs for periodic audit of the operations and accounting systems of the Bank and its wholly-owned subsidiaries.

Review of the personal and corporate trust management systems and operations to ensure that the Bank has met its obligations under the trust instruments and fees for such services have been rendered on a timely basis.

The successful candidate will be a Chartered or Certified Public Accountant and will have prior experience in managing the audit function of a larga company or a major accounting firm. Working background in a bank or other financial institution would be a distinct advantage.

Important personal attributes are mature judgement, Integrity, a high degree of objectivity and personal skill.

The Bank's working environment is progressive and a successful performer in this position will have ample opportunity for advancement. Salaries are tax free in Bermuda and will be commensurate with experience and background. Generous staff benefits are also provided. Interviews will be held in London during the week of July 21st.

Qualified persons interested in this opportunity should send a curriculum vitae, including personal details, current salary and telephone number, to the Bank of Bermuda's London Representative:

The Bank of Bermuda Ltd.,
Representative Office, Grocer's Hall,
Princes Street, London EC2R 8AQ

THE BANK OF BERMUDA LIMITED

REUTERS REUTERS

Management Systems Manager

c£13,000

Reuters is an internationolly renowned organisation, supplying news and information services to the media ond business communities.

The growth of the Company's operations, both in tha UK and overseas, has created the need for o manager to take control of on expanding Management Services teom operating from our Fleet Street office in London.

The successful opplicant will be responsible for the afficient and effective running of the Management Services unit, ond be responsible for tha design, implementation and development of computer based systems ond administrative procedures in oll sections of the Company in the UK ond overseas. These will include purchosing, sales, occounting ond stock procedures ond monogement information systems. He or she will olso recommend Improvements to monogement at oll levels in planning and controlling their day to day business and will co-ordinate the development of various expanding functions to achieve cost effective operations. Studies will include organisation, methods, equipment and staffing.

Candidates should have o degree or similar professional qualification with a minimum of 5 years in a senior management services role and at least 3 years experience in a senior managament post.

Salary will be negotiable according to qualifications and experience, and benefits will include o company car. Please send your curriculum vitae or telephone for an application form to:

Recruitment Manager
REUTERS
85 Fleet Street, London EC4P 4AJ
Telephone 01-353 7339
(This is a 24 hour answering service)

REUTERS REUTERS

Scott Bader Company Limited
Financial direction in a unique environment

- Pioneering the concept of common ownership, Scott Bader has developed its special style of management for nearly 30 years. Based near Northampton, the Group has worldwide interests and is a leader in the GRP industry and in creative chemistry-related technology. Scott Bader also supplies emulsion polymers into several significant markets.
- We are seeking a Head of Finance for Scott Bader; he or she will be a leader in the creative development of a £50 million business. Reporting to the Managing Director, the job demands a high level of personal commitment and a flexible, practical management style.
- Requirements include experience at board level; ability to respond to the unique demands on managers; qualified accountant; likely age 35-45. Salary and benefits are for discussion.
- Call Michael Eggers as adviser to the Company for a confidential talk about the job, the challenge and the personal prospects in this unique and fulfilling environment.

JSP Selection Consultants
10 Haymarket, London SW1Y 4BP. Telephone 01-839 4953

Hudson Shribman

Banking Recruitment Consultants

As Banking recruitment specialists we would like to hear from those who are currently contemplating a career move. Positions which may be of specific interest include:—

ANALYSTS — Credit, Energy, Investment and Fund.

AUDITORS — Young Bankers or Accountants with languages.

CORPORATE CREOIT — Finance and Loan Executives.

DEALERS — Commercial, Equity, FX, Money Market, Euro-currency.

INVESTMENT MANAGERS — Private Clients and Treasury.

ECONOMISTS — Investment, Advisory and Country Risk.

We also have numerous vacancies at clerical grades in Operations, Securities and Oealing.

Reply in the first instance to Mike Jackson.

RECRUITMENT CONSULTANT c. £12,000

In expanding our banking recruitment division we require a young articulate self-starter with experience of placing Bankers and Banking staff. You will be rewarded with an attractive salary and incentive bonus scheme.

Reply in the first Instance to Malcolm Hudson.
Reply in first instance to Malcolm Hudson.

Hudson Shribman International Ltd
23 College Hill, London EC4
Tel. 01-248 7851

Financial Analyst

Wilts/Berks Border — **c.£9,500**

A fast expanding, US owned Company, our client is at the centre of the Groups European Operations, manufacturing and marketing high technology industrial products.

Accurate financial planning and analysis is both the key to the groups vitality and a primary element of its marketing strategy.

The emphasis of your role will be in the formulation and analysis (using sophisticated computer facilities), of financial plans, cash management strategies and the impact of tax planning and transfer pricing on the profitability of the business.

Ideally you will be a qualified accountant aged 24/30, with 2-4 years related experience in an international environment.

You should be ambitious, and a creative thinker, keen to gain excellent experience and total involvement in a high technology environment.

Superb fringe benefits include a full relocation package and non-contributory pension scheme.

Please telephone or write quoting reference RG 3875.

Lloyd Chapman Associates
123 New Bond Street, London W1Y 0HR 01-499 7761

Financial Director Designate

Required for an Engineering factory in the North West of England, controlling a staff approaching 70 in number.

The Company is an autonomous member of a successful public group.

The position is a key post in a well integrated Management team.

Candidates should be professionally qualified Accountants with several years top level experience in an engineering or allied industry and a knowledge of computer systems would be an advantage. The duties, which will include a substantial general management element, are self evident, but involve the financial control of a £30m operation and call for firm leadership and communications skills.

The appointment carries a negotiable salary of up to £15,000 plus car and the benefits associated with a successful and profitable company.

Please send C.V. in strictest confidence to Dorothy Greenhalgh, Royds Personnel Services, St. Andrew's House, Portland Street, Manchester M60 7HT.

Please indicate any companies to whom you do not wish to apply.

ROYDS ROYDS ROYDS
Personnel Services

St Thomas's Health District
(Teaching)

Assistant Finance Officer
Endowment Funds

Scale 18 — £8170-9832 inclusive
(Salary award Pending)

St. Thomas's Hospital is one of the oldest Teaching Hospitals in the British Isles and under its charter and subsequent benefactions now has substantial trust funds invested in property and stock exchange investments.

The successful man or woman can expect to gain valuable experience in this field of accounting and the appointment would be a good career step for an ambitious accountant aspiring to top financial management in the National Health Service.

You should preferably have a knowledge of Trust Fund Accounting with an emphasis on computerised management accounting and information.

Job description and application forms are obtainable from the Personnel Oepartment, St. Thomas's Hospital, London SE1—telephone 01-928 9292 extension 2422.
Closing date for application: 25th July 1980.

Major Gulf Bank seeks a General Manager

Applications for this challenging position are invited from candidates with a minimum of 15-20 years of diversified commercial banking experience with a major international bank. This experience should include a significant general management position in the Middle East/Africa or similar banking environment.

The successful candidate must be available to take up this appointment by September/October 1980 and be fully prepared to accept a three year contractural assignment in the Gulf area.

A liberal compensation package will be offered, commensurate with both the successful candidate's experience and qualifications, and accepted employment practice in this area.

Initial interviews will be conducted in Athens or London as appropriate with subsequent final interview conducted on site.

Please send curriculum vitae including salary history in strictest confidence to: Vincent Depaul Labbate, PO Box 2593, 97 Syngrou Avenue, Athens, Greece.

EXECUTIVE DIRECTOR
for
Financial Services Company

Small Midlands-based financial services company, part of a listed commercial group, requires an Executive Director to be responsible for the merger broking, company appraisal and investment advisory services. He/She will also be responsible for initiating any new areas of activity as required by the Board and will be expected to introduce work to the company's Corporate Advisory Department. Candidates will probably have an accountancy/merchant banking background and be aged between 30 and 45.

Please write in confidence stating age, experience and current salary to:—

Ref. PG. Centreway Trust Limited, 1 Waterloo Street, Birmingham, B2 5PG.

TAUNTON SCHOOL

REQUIRED FOR JANUARY 1981
SENIOR ECONOMIST

Graduates with experience of Banking, Commerce and Industry particularly welcome as would be Rugger or Tennis players.
Attractive pay and conditions
Resident post available for single person

For further details apply to:

The Headmaster, Taunton School Somerset TA2 6AD

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Marketing Director

c. £25,000

This division of a major group has sales well into nine figures in the chemical field.

The Marketing Director, responsible to the Managing Director, will be someone who can look at the business as a whole and whose training has probably been in classical marketing techniques via the brand management route. Additionally, candidates should ideally have had experience of sales management on a significant scale. The need is for someone who can demonstrate both management skills and a creative record in the development of strategies for profit improvement and who can quickly establish a position as primus inter pares with the other functional directors. Consequently only those people with genuine general management abilities and aspirations will be considered.

The location is an extremely pleasant one in the Home Counties and prospects of further development are considerable.

Please write, in complete confidence, quoting ref. 692/FT and giving brief details of experience, age, qualifications and current earnings to:-

CB-Linnell Limited
8 Oxford Street, Nottinghom
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM · LONDON

SENIOR INTERNATIONAL AUDITOR

London based — c. £15,000

A leading healthcare products company with international operations is strengthening its audit team. The senior auditor now being sought will cover Europe and will report to the director, international audit, in the USA.

Primary responsibilities will be to assist in planning and executing financial and operational audits, with emphasis on manufacturing, and to conduct special studies and investigations for regional and corporate management.

Applicants should be qualified accountants aged over 30, preferably single, with initiative, excellent inter-personnel skills, ability to communicate with all levels of management, thorough knowledge of modern auditing techniques and sound professional and, ideally, industrial experience. Promotion prospects within the group are good and fringe benefits are commensurate with the nature and importance of the position.

Please send brief personal and career details, in confidence, and quoting reference FT/111/M to Douglas G. Mizon at the address below.

EW

Ernst & Whinney Management Consultants
57 Chiswall Street, London EC1Y 4SY.

YOUNG ACCOUNTANT WITH COMMERCIAL FLAIR

London — To £12,000 plus car

Our client is the UK holding company of an expanding private Group whose varied industrial and commercial interests include engineering, ship management, property and plantations.

In view of anticipated further expansion of the Group, including assuming a controlling interest in a quoted company, the Finance Director is seeking a Group Accountant who, in addition to developing and controlling the preparation of financial and management information, will play an important role in the company's overall commercial development.

Applicants, qualified accountants in their mid to late twenties, should possess at least one year's post qualifying experience. It is essential that they be highly motivated and possess the flair and ability to operate within, and contribute to, a demanding and developing small company environment.

Prospects for progression within the Group are excellent.

For further information and an application form, please contact Liam Fitzpatrick, A.C.M.A., 410 Strand, London WC2R 0NS. Tel: 01-836 9501, quoting ref. 2934.

DOUGLAS LLAMBIAS
Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

DLA

Finance Director

£18,000-£20,000 + Car

A major British industrial group wishes to appoint a Finance Director for a division engaged internationally in the production and distribution of components. The main elements of the task will be the financial control of the operating companies and forward planning of the division's activities, which have a total turnover of some £40 million.

The successful candidate, preferably aged 35-40, must be a qualified accountant with extensive industrial experience in manufacturing and/or distribution companies.

Location Home Counties. Salary negotiable in the bracket £18,000-£20,000 with company car and good fringe benefits. Relocation expenses if required.

Ref: K7003/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

MAJOR FIRM OF LONDON STOCKBROKERS WITH LARGE INTERNATIONAL BUSINESS HAS A VACANCY FOR AN

ASSISTANT INVESTMENT ACCOUNT EXECUTIVE

Competent to handle home and overseas bank and trustee investment enquiries with the minimum of supervision. Good knowledge of investment statistics essential. Remuneration according to experience and there is a non-contributory pension scheme.

Please write in first instance with details of experiance to:
Box A.7234, Financial Times
10 Cannon Street, EC4P 4BY

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BANKING RECRUITMENT CONSULTANTS

Money Market/FX Dealer	to £15,000
Lending Officers	to £13,000
Credit Analysts	to £10,000
Assistant Accountant	to £8,000
Eurobond Settlements	to £5,500

Please ring
Mike Pope or
Sheila Anketell-Jones
01-236 0731
30, QUEEN STREET, EC4

Management Accounting & Business Systems

to £15,000+car

Our Client is a British Service Sector Group with a high reputation in its particular fields of operation which reflects in a very strong International business position.

In order to support and direct the continued growth of the business the Group wishes to recruit a Chartered Accountant who will participate in the conception and installation of computerised business and accounting systems and will be responsible for the development of the management accounting and financial review functions.

Applicants should be aged 30 or over with a knowledge of computerised business and management accounting systems and the ability to work with and respond to the needs of operating management. Early professional experience should include a period with a large firm supplemented by a further four to five years in commerce or industry.

The position is based at the London West End H/Q.

Please write in confidence to B. H. Mason at *78 Wigmore Street, London W1H 9DQ*, showing clearly how you meet our client's requirements, quoting 6138/FT. Both men and women may apply.

John Courtis and Partners

ASSISTANT FINANCIAL CONTROLLER

c £11,000

Dixons and Growth go together. We are an expanding public Group engaged in retail and distribution with sales over £100 million p.a.

The Holding Company wish to make a new appointment of an Assistant Controller to analyse financial performance, develop and control Group reporting systems for existing and new businesses.

The person appointed will be an energetic qualified accountant with sound experience in industry or retailing and a thorough understanding of financial controls and analysis. He or she will be in the age range 25-33.

Our success was built on ambition and taking opportunities; so we expect you to be promoted into a line job. Other immediate rewards include an executive car and similar benefits.

Please write in the first instance to:

Dick Andrews, Director of Personnel,
Dixons Photographic Limited,
54/58 High Street, Edgware, Middlesex.

Dixons
A GREAT COMPANY TO BE WITH

Venture Capitalist

£15,000 to £18,000

Venture Founders Limited is the new British arm of an established American venture capital firm. We are advisors to two new funds, Rainford Venture Capital and Venture Founders Capital, that provide equity capital to new businesses with high-growth potential.

For our small management team, we need another member with British experience. If you have founded, managed or backed a new venture that achieved a profitable turnover of over £1 million, write to:

Brian Haslett, Managing Director,
Venture Founders Limited,
4-6 Copthall Avenue,
LONDON EC2R 7DA

This position is open to male and female applicants.

INTERNATIONAL BANKING

A leading Swiss Bank City EC2 seeks Credit Analyst

To assist Senior Analyst in providing appraisals of bank and corporate balance sheets.

Position demands a good educational background and previous banking experience, of which 2 to 3 years should have been in the analysis function.

Attractive remuneration commensurate with qualifications and experience and above average fringe benefits.

Reply in confidence with C.V. to Box No. 342, Streets Financial Limited, 18 Red Lion Court, Fleet Street, London EC4A 3HT.

Group Financial Controller

(Finance Director Designate) Up to £20,000

for a medium sized public company

Muirhead Limited is seeking to appoint a Group Financial Controller with a view to early promotion to Finance Director. The Company is a listed company with headquarters at Beckenham, Kent. It is the holding company for a medium sized group of operating subsidiaries in tha UK and overseas with a turnover of some £30m, employing about 1600 people. The Group is engaged in the design, manufacture and sala of communications equipment, precision components and industrial control equipment marketed to public authorities and private industry, a substantial proportion of its output being exported.

The Group Financial Controller will be responsible for all the financial and accounting requirements of the Group and for the direction and co-ordination of subsidiary company accounting functions.

Tha requirement is for e chartered Accountant with extansive senior experience in a listed company, preferably in the alectrical/electronic or engineering industries. Candidates must be completely familiar with the financial management of an organisation needing detailed prime cost analysis.

Remuneration and benefits are negotiabla but could reach £20,000p.a. for an outstanding applicant.

Applications should be made in writing, marked "personal", include a detailed curriculum vitae and be addressed to: Tha Sacretary, Muirhead Limited, 34 Croydon Road, Beckenham, Kent BR3 4BE.

MUIRHEAD

INTERNAL AUDITOR

c. £10,000 + CAR

THE COMPANY—Private Patients Plan is an insurance company providing private medical insurance for over half a million people. The company is expanding rapidly and turnover is now approaching £40m. This growth requires the creation of a senior internal audit function.

THE JOB—Reporting to the Financial Director this is a new position which is responsible for establishing policies for the auditing activity and directing its technical and administrative functions and also for developing and executing a comprehensive audit programme for the evaluation of management controls. The job is based in Tunbridge Wells with occasional travel.

THE PERSON—Applicants should be qualified accountants with experience of auditing in commerce or the profession at management level. Experience of auditing computer systems is essential.

THE REWARDS—A salary is negotiable around £10,000 per annum, together with use of a company car. Other benefits include free PPP, low-cost mortgage, contributory pension and disability schemes and subsidised catering.

If you wish to apply please write or telephone for an application form to: IRIS LEACH, PERSONNEL MANAGER.

PPP PROTECTS

Private Patients Plan
Eynsham House, Crescent Road Tunbridge Wells, Kent TN1 2PL
Telephone: Tunbridge Wells 26255

ASSISTANT CHIEF ACCOUNTANT

£13,000 + car South London

A leading mail order company has created this new post with the emphasis on a broad development role, which will include financial studies and project evaluations as well as computerised and manual systems. It carries with it responsibility for several sections of the finance and accounting division of this major organisation.

Applications are invited from qualified accountants with management experience and the vigour and ability to initiate changes and ideas. These qualities will have been demonstrated by a proven record in industry or commerce.

This post provides an excellent opportunity to play a leading role in the development of a progressive company.

Please send a comprehensive career résumé, including salary history, quoting ref. 1061, to M. D. C. Campbell

Touche Ross & Co. Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR
Tel: 01-353 8011

Financial Manager

Brussels

The regional headquarters of a major U.S. multinational company seeks a qualified accountant to join a small team to appraise and monitor large telecommunication projects in Africa and the Middle East.

The prime responsibilities of the team are to analyse new project proposals to ensure that the financial projections, risks and opportunities are properly evaluated, and to monitor the financial and operating performance of existing projects.

Several years of experience with a medium to large international organisation are required, coupled with an imaginative, mature and enthusiastic approach. The preferred age is 28 to 35.

The position is Brussels based but will involve extensive travel, mainly in Africa and the Middle East.

Ref: K7002/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they should not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

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TODAY'S CHALLENGE

```
WORKING-STORAGE SECTION.
01  DATA-1.
    03  DATA-2 PIC X(75) VALUE
      '***THEKEYWORDTHATYOUATTAI'
      'NFROMTHESESTATEMENTSCOULD'
      'OPENUPYOURCAREERPROSPECTS'
    03  F REDEFINES DATA-2.
        05  D1 PIC X OCCURS 75.
01  KEYWORD.
    03  K1          PIC X OCCURS 6.
01  S1              PIC 999 VALUE 86.
01  S2              PIC 9.

PROCEDURE DIVISION.
A-1.
    PERFORM B-1 VARYING S2
                FROM 1 BY 1
                UNTIL S2 > 6.
    STOP RUN.
B-1.
    COMPUTE S1 = S1 * S2.
    SUBTRACT 50 FROM S1.
    MOVE D1 (S1) TO K1 (S2).
```

If you have discovered the **Keyword** from the above coding congratulations!

Obviously you have skill, but are you making the most of it? To compare where you are today with where you could be tomorrow, ring us and mention the KEYWORD. To all successful people we will mail a special pack of information describing the business activities of one of the world's major computing companies. Together with details of their training and development policies, it includes the job specification and salary package of a current vacancy where your particular talents can be fully appreciated.

To check whether your future is as promising as it could be, just pick up the 'phone.

We will provide the information—we leave the decision up to you.

hutchinson-scoggins

47-48 New Bond St London W1Y 9HA Telephone 01 499 4501

GROUP TAX ACCOUNTANT

Westminster **c £12,500**

John Brown and Company Limited, a public quoted Company with four major divisions and about 50 operating subsidiaries, is seeking a Chartered Accountant, aged 30-45, with considerable taxation experience, including a knowledge of U.S.A. taxation.

The job is located at 8 The Sanctuary, Westminster, and whilst the major part is involved with Group taxation matters, responsible to the Group Financial Controller, there would also be involvement with consolidating Group accounts and Group cash investment.

A salary of around £12,500 and Company car is envisaged, with all the usual major Company benefits.

Please reply, in confidence, with full details of experience, qualifications and present salary, to C. G. Roper, Company Secretary, John Brown and Company, Limited, 8 The Sanctuary, London, SW1P 3JU.

FOREIGN EXCHANGE MANAGER

London Subsidiary of major European Bank is seeking an experienced and highly motivated foreign exchange manager or senior dealer ready to take on the day to day management of a new money desk and participate in the bank's treasury management.

We are especially interested in developing expertise and market making capability in the Scandinavian currencies.

The job offers an attractive salary in the £15,000 to £20,000 range, depending upon experience, with a generous package of fringe benefits.

Send curriculum vitae or personal details to Box A.7236, Financial Times, 10, Cannon Street, EC4P 4BY.

FINANCIAL JOURNALISTS

GO TO WHERE THE BUSINESS ACTION IS

Among nations in these troubled economic times, the South African economy is expected to grow by at least 5 per cent this year.

And with the boom comes exciting new opportunities in financial journalism.

The South African newspaper group which leads in this field—needs writers with experience in industry, investment, banking and finance, and mining.

Specialists interested in living in the sun and earning top rates in a thoroughly professional environment should telephone the editor's secretary at 01-353 4473 or write to South African Morning Newspapers Group, 135 Fleet Street, London, EC4P 4BL.

American Community Schools

Chief Accountant

£10,000-£12,000

Against the stimulating background of the American education system, provided through our five co-educational schools in London, Middlesex and Surrey, there now exists an interesting opportunity for a professionally qualified Accountant, who'd enjoy the challenge of heading up our Accounts function based at our offices adjacent to South Kensington tube station.

As Chief Accountant you will be responsible to the Directors for a turnover of approx. £3½m and staff of eight. This will not only require you to be capable of motivating and guiding staff to achieve maximum performance, but also to have the ability to anticipate requirements with flair, imagination and attention to detail.

Your first job will be to carry out an immediate assessment of the Department and rationalise the work in hand—which includes computerisation—and then implement comprehensive accounting and management information systems.

We are looking for a man or woman who, in addition to having good all round experience, combines the qualities of leadership and enthusiasm with efficiency and compatibility and has a genuine interest in creative problem solving.

Starting salary will be dependent upon previous experience. We offer B.U.P.A., an interesting benefits package and excellent prospects in a growing concern.

If you'd like to find out more, please send a full curriculum vitae, to Mrs. D. Reed, Personnel Manager, American Community Schools Ltd, 5 Cromwell Place, London SW7.

Institutional Sales

A leading firm of City-based stockbrokers is seeking an additional executive for its Institutional Equity Selling Department. The firm's business is strongly research orientated and the candidate will be required to develop both existing and new institutional contacts from a strong base. The position will involve a high degree of responsibility and requires a willingness to work hard towards achieving substantial targets.

Candidates should ideally be aged between 27 and 33 and have at least three years' experience in institutional selling. The position could also be attractive to those with experience in analysis who wish to pursue a selling career or to dealers from institutions who wish to move into stockbroking.

The salary offered will be subject to negotiation but should be of interest to those currently earning around £10,000.

Replies should include a brief resume of the candidate's career to date and educational background, and should be sent, with a covering letter specifying firms to which the candidate does not wish his application to be forwarded, to Box A7237, Financial Times, 10, Canoon Street, EC4P 4BY.

BUILDING AND CIVIL ENGINEERING

JOANNOU & PARASKEVAIDES (O) LTD

NIGERIA

GENERAL MANAGER

Applications are invited for the above position from suitably qualified personnel. The person appointed will be an experienced and dynamic manager, with the personality and aptitude to handle, lead and motivate staff, and with the business acumen to promote future growth. Proven experience of similar responsibilities with a major contractor is an essential qualification.

The position will be based in Lagns and will carry a negotiated salary in excess of £30.000 per annum, plus generous incentive benefits, free furnished married accommodation, company car, paid leave and airfares for self and family, free medical care and benefits normally associated with such a senior position.

Interested applicants should apply in confidence to:

J&P

The General Manager
Joannou & Paraskevaides (O) Ltd.
c/o Joannoo & Paraskevaides (UK) Ltd., Keodal Hoose
203 Regeot Street, Loodon W1R 7DE
Tel: 01-439 7581

Lawyers For Middle or Far East

Coward Chance are expanding their overseas operations and require young qualified lawyers to handle important international commercial, financial and shipping work with a view to subsequent posting to their Gulf or Far East offices.

Applicants should bave a good degree but previous relevant experience, although desirable, is not essential.

Length of overseas service will be negotiable and salary and other benefits will be competitive.

Please write with full c.v. to: G. L. Wareham, Coward Chance, Royex House, Aldermanbury Square, London EC2V 7LD.

COWARD CHANCE

CONTRACTS CLERK

Phillips and Drew have a vacancy in their Geoeral Office at BRENTWOOD for an experieoced CONTRACTS CLERK.

We offer a competitive salary, bonus, £1 per day luncheon vouchers and contributory pension scheme.

This year's holiday arrangements will be hooured.

Please write in the first instance to:
The Staff Manager, Phillips and Drew,
Lee House, London Wall, London. EC2Y 5AP

LEADING ARAB CONSORTIUM BANK

requires:

Senior Executive

aged 37/45 preferred

Experienced in loan syndication, bonds and securities Treasury and foreign exchange together with all associated accounting procedures

Normal expatriate benefits provided—Salary negotiable tax free, paid in U.S. Dollars

Please apply with full c.v. to Box A.7229, Financial Times, 10 Cannon Street, EC4P 4BY

Account Executive

The London Fixed Income Unit of a major international investment group requires an experienced Account Executive able to act as adviser to major accounts, represent the Firm's financial products and services, and develop new business. Excellent knowledge of the market for U.S. Government and U.S. Federal Agency securities is essential, as is equal knowledge of domestic, Eurodollar and Asiadollar money markets, including certificates of deposit, banker's acceptances and commercial paper. Good knowledge of economics (particularly of USA), ability to rapidly analyse fiscal, monetary and political news and relate it to financial markets and clients' portfolios is vital. Salary package circa £15,000 per annum.

Please write, in strictest confidence, enclosing curriculum vitae, to:
Box A7239, Financial Times, 10 Cannon Street, EC4P 4BY

COMPANY NOTICES

HOPE STREET FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B. No. B.621

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary meeting of shareholders of HOPE STREET FUND S.A. will be held at its registered office, 14, rue Aldringen, Lexamboerg, on July 18th, 1980, at 15.30 hrs. for the purpose of considering and voting upon the following matters:

1. To amend paragraph 2 of Article 21 of the Articles of Association by deleting the words "or that no more than 15% of the part of the profits arising from dividends and interest may be retained."
2. To renew the authorisation to issue additional shares within the authorised capital for a further five year period.

This extraordinary meeting will be followed by the Annual General Meeting of Shareholders of the company which will be held at the same address at 15.45 hrs. for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of:
   a. the directors
   b. the statutory auditor.
2. To approve the balance sheet and the profit and loss account for the year ended March 31st, 1980 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect of their performance of duties during the year ended March 31st, 1980.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next anneal general meeting of shareholders.
6. Any other business.

The shareholders are advised that except for resolutions taken on the agenda of the extraordinary meeting of shareholders no quorum for the statutory meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can cast votes in respect of a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

Resolutions on the agenda of the extraordinary meeting require the presence in person or by proxy of at least 50% of the issued and outstanding capital and must be adopted by a majority of ⅔ of the shares present or represented at the meeting.

In order to take part at both meetings of July 18th, 1900, the owners of bearer shares are required to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

Banque Générale du Luxembourg S.A.
14, rue Aldringen
LUXEMBOURG
Clydesdale Bank Limited
30 Lombard Street
LONDON E.C.2
THE BOARD OF DIRECTORS.

MURRAY FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. B.335

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary meeting of shareholders of MURRAY FUND S.A. will be held at its registered office, 14, rue Aldringen, Luxembourg, on Jely 18th, 1980, at 15.00 hrs. for the purpose of considering and voting upon the following matters:

1. To amend paragraph 2 of Article 21 of the Articles of Association by deleting the words "or that no more than 15% of the part of the profits arising from dividends and interest may be retained."
2. To renew the authorisation to issue additional shares within the authorised capital for a further five years period.

This extraordinary meeting will be followed by the Annual General Meeting of Shareholders of the company which will be held at the same address at 15.15 hrs. for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of:
   a. the directors
   b. the statutory auditor.
2. To approve the balance sheet and the profit and loss account for the year ended March 31st, 1980 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1980.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next anneal general meeting of shareholders.
6. Any other business.

The shareholders are advised that except for resolutions taken on the agenda of the extraordinary meeting of shareholders no quorum for the statutory meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can cast votes in respect of a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

Resolutions on the agenda of the extraordinary meeting require the presence in person or by proxy of at least 50% of the issued and outstanding capital and must be adopted by a majority of ⅔ of the shares present or represented at the meeting.

In order to take part at both meetings of Jely 18th, 1980, the owners of bearer shares are required to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

Banque Générale du Luxembourg S.A.
14, rue Aldringen
LUXEMBOURG
Clydesdale Bank Limited
30, Lombard Street
LONDON, E.C.2.
THE BOARD OF DIRECTORS.

Bearer Depositary Receipts issued by Morgan Guaranty Trust Cy of New York representing shares
MITSUBISHI ELECTRIC CORPORATION

Cash distribution of $1.38 per "Depositary share" is payable on Jely 14, 1980 upon presentation of coupon no. 19 at:
MORGAN GUARANTY TRUST CY OF NEW YORK
—West Broadway 30, New York
—Angel Court 1, London
—Ave. des Arts, 35, Brussels
—Place Vendôme, 14, Paris
—Bockenheimer Landstrasse, 8, Frankfurt/Main
Credito Romagnolo, via Armorari, 14, Milan
Bank Mees & Hope, Herengracht, 548, Amsterdam
Credit Industriel d'Alsace et de Lorraine, Grand Rue, 103, Luxembourg
at designated rate, less applicable Japanese withholding tax, determined by the country of residence of the presenter and any other applicable tax.

KONISHIROKU PHOTO INDUSTRY CO., LIMITED

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that the 76th Ordinary General Meeting will be held at 10.00 a.m. Tokyo time on Saterday, July 19, 1980 at 1-26-2 Nishi Shinjuku, Shinjuku-Ku, Tokyo. Details of the Agenda are as follow:

(i) Approval of the Company's Business Report, Balance Sheet, Income Statement and proposed appropriation of profits for the period April 21, 1979 to April 20, 1980.
(ii) Amendment of Article No. 10 of Incorporation concerning the closure of the shareholders' Register. It is proposed that the Register be closed from October 21 until November 20 in each year instead of from October 21 until December 5.
(iii) Election of 11 Directors.
(iv) Election of 3 Auditors.
(v) Payment of retirement allowance to 1 Director and 1 Auditor.

Sales for the business term ending April 20, 1980 amounted to Yen 169,000 Million, net income amounted to Yen 4,129 million and the proposed dividend, subject to shareholders' approval will be Yen 3.75 per share.

EDR Holders wishing to exercise their voting rights should comply with the instructions contained within Condition 12 of the EDRs not later than Jely 14, 1980. In this case it will not be necessary to deposit the EDRs or any coupon detached therefrom.

THE CHASE MANHATTAN BANK N.A., London, as Depositary.

July, 1980.

U.S.$ 60,000,000
Alcoa of Australia Limited
10% Bonds
Due 1989

For the period ended 14th June, 1980, the Purchase Agent in the above issue purchased US$ 3,000,000 principal amount of Notes.

These Notes have been cancelled and will not be reissued or resold.

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK

11½% STERLING FOREIGN CURRENCY BONDS OF 1979, DUE 15TH JUNE, 1991

Pursuant to the terms and conditions of the Loan, notice is hereby given to Bondholders that during the eleven-month period ending 14th June, 1980, £2,500,000 of the European Investment Bank's 11½% Sterling Foreign Currency Payable Bonds of 1979, due 15th June, 1991, were purchased by the Purchase Agent for account of such Bank in satisfaction of the Purchase Fund Instalment.

As of 15th June, 1980, the principal amount of such Bonds remaining in circulation was £22,500,000

EUROPEAN INVESTMENT BANK
Dated: July 10, 1980.

EUROPEAN DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK
Representing shares of
KUBOTA LTD.

The General Meeting of shareholders of KUBOTA LTD. will be held on July 11, 1980 at the Company's Head Office in Osaka.

AGENDA

1. Approval of the business report, balance sheet and profit and loss statement for fiscal term from April 16, 1979 to April 15, 1980.
2. Election of 21 directors.
3. Election of 2 statutory auditors.
4. Revision of the amount of remunerations to directors and statutory auditors.
5. Payment of retirement allowances to the retiring directors and statutory auditor for their meritorious services.

Stockholders who want to exercise their voting rights must deposit their certificates, not later than July 10, 1980 at any of the following:
Morgan Guaranty Trust Cy of New York in:
—Brussels, Avenue des Arts, 35
—London, 1, Angel Court
—Frankfurt/Main, Bockenheimer Landstrasse, 8
—Paris, Place Vendôme, 14
—New York, Broad Street, 15
Bank Mees & Hope N.V., Amsterdam, P.O. Box 293
Banca Vonwiller S.p.A., Milan, 14, Via Armorari
Kredietbank, Luxembourg, 43, Bd. Royal
together with instructions indicating the way the shares be voted or allowing Morgan Guaranty Trust Company of New York to give a discretionary proxy to a person designated by the Company.

NOTICE OF MANDATORY REDEMPTION
THE RURAL AND INDUSTRIES BANK OF WESTERN AUSTRALIA
("the Bank")

A$30,000,000 8¾% GUARANTEED A$/DM BONDS DUE 1987

NOTICE IS HEREBY GIVEN that pursuant to Clause 3b of the terms and conditions applicable to the bonds, A$3,000,000 nominal of the bonds due for mandatory redemption on 15 August 1980 has been purchased by the Bank in the market. (The nominal amount of the issue outstanding is therefore A$27,000,000.)

THE RURAL AND INDUSTRIES BANK OF WESTERN AUSTRALIA
By the National Westminster Bank Limited, as Trustee

10 July 1980.

CREDIT LYONNAIS
LOAN OF US$30,000,000
FLOATING RATES—1977/1983

Bondholders of this loan are hereby informed that the rate applicable to the six months interest period ending December 23, 1980 has been fixed at 9⅞%.

Coupon No. 7 will be payable as from December 24, 1980 at the price of US$50.20, equivalent to an interest of 9⅞% worked out on the basis of 183/360th covering the period from June 24 to December 24, 1980 inclusive.

The Fiscal Agent
CREDIT LYONNAIS LUXEMBOURG

MULTI-TRUST FUND S.A.
37, Rue Notre-Dame LUXEMBOURG
R.C. Luxembourg B8478

DIVIDEND NOTICE

A dividend of US$0.27 (27 cents US Dollar) is payable as from July 31st, 1980 against remittance of coupon No. 11 to Shareholders of record at July 1st, 1980.

By Order of the Board,
The Secretary.

PUBLIC NOTICES

BOURNEMOUTH CORPORATION BILLS £1,000,000 Bills issued 9th July 1980 at 16 47/64% to mature 8th October 1980. Applications £6,900,000. Outstanding £1,000,000.

GLOUCESTER CITY CORPORATION BILLS £225,000 Bills issued 9th July 1980 at 14¼% to mature 8th October 1980. Applications £1,350,000. Outstanding £225,000.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that

1. New Japan Securities Europe Limited of 1 Moorgate, London EC2N 6JH, has relinquished the Principal's Licence issued pursuant to Section 3 of the Act, having been exempted from the requirement to hold such Licence by virtue of being a member of the United Kingdom Association of Tokyo Stock Exchange Members which by an order made by the Department of Trade on 20th February 1980 was declared to be a recognised association of dealers in securities pursuant to Section 15 of the Act.
2. New Japan Securities Europe Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No 541) for the release of the five hundred pounds deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 29th July, 1980

LOMBARD

Mixing business with government

BY ANATOLE KALETSKY

"ANY ATTEMPT by Britain to return to the true faith of market economics is the nearest thing to industrial suicide that one can envisage." "We cannot hope to come to terms with the desperate economic plight of our society until everyone accepts that the only alternative to the workings of the market place is tyranny and incompetent waste on a grand scale."

These two statements crystallise in the sharpest possible way the longest-running, and the most important, struggle in the political and economic life of post-war Britain. Their authors—the former Planning Director of the National Enterprise Board and the managing director of Granada Group Services—epitomise, in their jobs, the polarisation between the bureaucratic and the entrepreneurial approach to the economy which is growing sharper in every industrial country.

Self-destructive

Or do they? The two seemingly implacable opponents in this debate are, in fact, one and the same person—Mr. Maurice Marks, who, like several NEB and nationalised industry executives, has moved between the private and public sectors with a natural ease which belies the doctrinaire assumptions on which both parties based much of their industrial policy. The *two seemingly contradictory* statements I have quoted are actually perfectly consistent elements of a most persuasive discussion, published in the latest issue of *The Business Economist*, of the sort of self-destructive forces which have hurled Britain from the top to the bottom of the world industrial order in a single generation.

Mr. Marks argues that government involvement in long-range industrial planning is entirely compatible with the operation of market forces, provided that government policy is "guided by price and long-term profit considerations." But market forces alone may not work as well in creating the next generation of industries as in organising production efficiently over a shorter period. This is largely because of uncertainty, which government co-ordination and planning can do a great deal to reduce (a point which is readily conceded by market economists when it comes to the publication of medium-term monetary plans).

But Mr. Marks's message—that there *should* be closer co-operation between industry and government—does not hinge on theory, which is in any case never conclusive in such matters. A look at the superior economic performance of other countries which are less purist than Britain in their regard for market forces provides far more striking evidence for his position. Contrary to the widely held view among British politicains of both parties, this country is less of a "mixed economy" than many others when it comes to the Government's influence over the whole industrial structure.

Most businessmen with personal experience of foreign markets are, of course, well aware of the interventionist attitudes of the French Government in public purchasing and export promotion, or the American Government in funding private research (to the tune of $28bn last year) through defence and other public agency contracts.

This makes it all the more surprising that, as soon as they return to Britain, these same businessmen take for granted, and even whip up through their public statements, the animosity and suspicion that has poisoned *every attempt* to bring government and industry closer together in this country. Indeed, even an innocent concept like "bringing government closer to industry" is seen as a product of creeping socialism.

Genuine perils

No doubt Britain's long and enviable tradition of economic and political liberalism has something to do with this determination to segregate the private domain from the public.

But it is also, perhaps, because the British business establishment has never been confronted with real tyranny and has never dealt with authentic communism, that it can confuse these genuine perils with the helpful attempts to make capitalism work better that are taken for granted in other, less sheltered, societies.

'Gambling' debts in Germany

ANYONE DEALING in options and futures, whether these concern commodities, shares or foreign exchange, is on tricky ground in Germany. Such deals fall under the general principle of the German civil code that gambling debts are unenforceable. It would be easy if that were the only rule. But rules abound, differing according to the markets where the deals are concluded and according to the type of person engaged in them. Those deals which are made at bourses or other regulated exchanges and markets can benefit from the exemption of the German Bourse Act (BoersG) which makes such deals binding, and enforceable, if concluded between persons who are either registered as "full merchants" in Germany, or resident abroad, and without any business establishment in Germany.

Whether the deal is binding is not always easy to say, but when the answer is negative more questions follow. What is the status of any bank balances resulting from or including credits of profits from such unenforceable differential deals? And what is the status of ancillary agreements concluded between the gambler and his brokers, agents and other intermediaries?

The first question was answered* by the German Federal Supreme Court (BGH) last year, when dealing with one of the murky affairs which surfaced after the failure of the Herstatt Bank. The case was brought before the court by a former foreign exchange dealer in one of the leading Swiss banks. In 1973 the Herstatt Bank opened for him a current account and a deposit account, both under the name of his mother-in-law, resident in Germany. It was not disputed that this was a device to conceal the true identity of the customer. When the bank failed in 1974 the credit balance on the two accounts was over DM 1m, and more than half of this originated from differential foreign exchange deals.

The Herstatt receiver struck the amount originating from differential deals off the books as an unenforceable "natural" claim, and the Swiss customer asked the courts for a declaration that this was wrong, arguing that he was a foreign resident and *the bank was a "full* merchant," so that the differential deals were binding and enforceable. In the end the case was remitted to lower courts to decide whether there were any differential deals at all, or whether, in fact, there was a conspiracy between the Swiss foreign exchange dealer and Herstatt dealers, the aim of which was to defraud money from Herstatt.

Before reaching this conclusion, however, the BGH also made a ruling on the status of the bank balances. It held that when a bank credits the unenforceable profits of differential deals to the client's account, the amounts so credited remain "natural" *claims* which cannot be enforced in courts, and a formal confirmation of the credit balance by the bank makes no difference. Even a transfer of the balance from a current to a deposit account does not render the claims enforceable.

The question whether the profits originating from unenforceable differential deals can be claimed when in the hands of brokers, agents or other intermediaries has been answered by the BGH in its judgment of May 19, 1980**, the text of which has just become available.

BUSINESS AND THE COURTS

By A. H. HERMANN, Legal Correspondent

The action was brought by Mr. XY, owner of an important German publishing group, who, however, was not registered as a "full merchant" in his personal capacity. Since the beginning of 1977, Mr. XY had speculated in commodity options through VHK, a Frankfurt finance company which managed an account opened for Mr. XY by London brokers.

In June 1977 VHK went into liquidation and transferred the management of the account to the Phoenix Kapital-Dienst, also in Frankfurt. This transfer was made with the approval of the client, who had at the time one transaction outstanding with the London brokers. This was a "put option cocoa London 12/77" acquired on June 14. It entitled Mr. XY to sell at the strike price at any time before the expiry of the option, and Mr. XY did so on November 30, with a profit of £3,950 which Phoenix credited to his account.

Under normal circumstances *Phoenix* would, doubtless, have paid this profit to the client. However, Mr. XY claimed from Phoenix partial repayment of DM 106,000 which he had deposited with VHK when he started to use its services. He looked to Phoenix as the legal successors of VHK. But Phoenix denied any responsibility for the money which Mr. XY had deposited with VHK.

Because of this dispute Phoenix refused to pay out the profit from the realised option and, when sued, argued that the profit was derived from a differential deal that was not binding. Mr. XY argued that the money was collected from the London brokers by Phoenix, which was acting as his agent and that its origin was irrelevant. The court of the first instance dismissed the action, but the Frankfurt Appeal Court reversed the decision, reasoning that the objection of unenforceability could not benefit an agent who collected the profit on behalf of the speculator. Once the profit was in the hands of the agent the action aimed only at recovering the money for the person entitled to it.

The BGH thought that things were not so simple. It confirmed that the deals concluded on the London commodity markets fell into the category of foreign deals subject to Sections 52-60 of the BoersG irrespective of whether the deals were governed by German or foreign law. According to Section 60 the provisions concerning the enforceability of deals extend also to ancillary contracts—*for* example, to the instruction received by an intermediary. If the main deal is binding, the ancillary agreements are also binding, and vice versa.

In the present case, said the BGH, the deal was not enforceable because at the critical time Mr. XY was resident in Germany and not registered as a merchant. It followed from Section 60 of BoersG that his relationship with Phoenix could produce only "natural" claims unenforceable in court. The Appeal Court *overlooked* that the precedent which it invoked concerned only profits originating from a gamble which did not fall under the BoersG, but under the German civil code which has no provisions corresponding to Section 60. The precedent appeared doubtful, but *there was* no need to decide the issue.

The BGH also left undecided the question whether the customer could claim damages from the intermediary for failing to draw attention to the unenforceability of the contemplated deal. It could be argued that VHK, which bought the option for Mr. XY, had the duty to warn him, but the same could not be said about Phoenix, which merely executed the option and collected the profits. Also, it was honest in keeping the profits pending the dispute over the deposit. There was no trickery on its part, and Mr. XY could not prevail on that account.

Mr. XY lost, but can be proud of having contributed to the clarification of a difficult and internationally interesting point of law.

* *BGN II ZR 144/78 FT European Law Letter, January, 1980.*

** *BGH II ZR 289/79. Unreported.*

Moorestyle wins confidence

RACING

BY DOMINIC WIGAN

WITH NO sign of a let-up in the weather, Newmarket's rain-soaked July Course seems sure to be riding soft this afternoon; and backers are best advised to sort out those who act in the prevailing conditions.

One for whom yielding ground will present no problems is the Manacle colt, Moorestyle, and I take Robert Armstrong's bay to justify the confidence that Lester Piggott has placed in him.

Piggott, who has recently ridden some of Moorestyle's rivals, including Hard Fought and Valeriga, was at his best on the Moores International Furnishings colt when the combination landed the near £9,000 Norwest Holst Trophy at York eight weeks ago. Moorestyle managed to lower the seven-furlong course record with a time of 1 *minute* 23.37 *seconds*, despite carrying 9 stone 2 lb.

Although that success, and also his victory in the Tote Free Handicap, was achieved on fast going, Moorestyle almost certainly relishes some cut in the ground.

Kearney, Sharpo and Valeriga, the first three in Royal Ascot's Cork and Orrery Stakes, renew rivalry, and on today's terms Sharpo looks to have the edge. The Jeremy Tree colt may well run well, but I see a greater threat to Moorestyle in Hard Fought, whom Piggott steered to a cleverly gained victory in the Jersey Stakes on the preceding day of the royal meeting.

There was no easier Ascot winner than April Bouquet, who scored an easy victory in the 21-runner Britannia Stakes. Michael Stoute, among the many who thought that Windy Hill would be hard to beat, again runs him. However, even on 7 lbs better terms, it is difficult to see the Beechhurst colt turning the tables.

NEWMARKET

2.00—Dizzy Heights
2.30—Al Kuwait**
3.05—Mooorestyle***
3.35—April Booquet*
4.10—Cassina
4.45—Northern Supremo

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 11.25 Cricket: Third Test: England v West Indies. 1.30 pm Mister Men. 1.45 News. 2.05 Cricket: Third Test. 4.13 Regional News for England (except London). 4.15 Play School (as BBC2 11.00 am). 4.40 Excuse Me! 5.00 John Craven's Newsround. 5.10 We Are The Champions.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 The Wonderful World of Disney.
7.35 Are You Being Served?
8.05 Taxi.
8.30 Last of the Summer Wine.
9.00 News.
9.25 Square Mile of Murder.
10.15 Uncle Sam's Backyard
10.45 All About Books with Russell Harty.
11.20 The Sky at Night.
11.40 Weather/Regional News.

All Regions as BBC1 except as follows:—

BBC Cymru/Wales—5.55-6.20 pm Wales Today. 6.45 Heddiw. 7.10-7.35 The Harlem Globetrotters. 11.40 News and weather for Wales.

Scotland—9.55 am Noah and Nelly. 10.00-10.15 Jackanory. 10.15 The All New Popeye Show. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News and weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 6.20 Scene Around Six. 11.40 News and weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.30 pm Cricket: Third Test—England v West Indies.
6.35 Open University.
7.00 Dallas.
7.50 Mid-Evening News including sub-titles.
8.00 One Hundred Great Paintings.
8.10 *Running the Arts.*
9.00 Call My Bluff.
9.30 Inside Story.
10.20 Cricket: Third Test highlights.
10.45 Newsnight.

LONDON

9.30 am Gardening Today. 10.00 About Britain. 10.25 Animated Classics (Ivanhoe). 11.05 The Magical Mountain—Java. 11.55 The Bubblies. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The *Sullivans*. 1.00 News plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Here Today. 2.25 Racing from Newmarket. 3.45 Superstar Profile: David Niven. 4.15 "Cattle Queen of Montana" starring Barbara Stanwyck and Ronald Reagan.
5.45 News.
6.00 Thames News.
6.30 An Exceptional Child.
7.00 Charlie's Angels.
8.00 The Cuckoo Waltz.
8.30 TV Eye.
9.00 Edward and Mrs. *Simpson*.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What The Papers Say.
12.15 am Close: Personal choice with Leo Aylen.

All IBA Regions as London except at the following times:—

ANGLIA

10.25 am Words and Music. 10.55 Leave Cape Horn to Port. 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 3.45 Looks Familiar. 4.15 The Bubbles. 4.20 Tarzan. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 BJ and the Bear. 10.30 Snooker (Tolly Cobbold Classic). 11.00 Luke's Kingdom. 12.00 Witness to Yesterday. 12.30 am The Living Word.

ATV

10.25 am In Search Of . . . Fire-walkers. 10.50 Chopper Squad. 11.40 The Undersea Adventures of Captain Nemo. 11.45 Here Comes Mumfie. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 3.45 Looks Familiar. †4.15 The Bud and Lou Picture Show: "Abbott and Costello Go To Mars." 6.00 ATV Today. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 George and Mildred. 10.30 Formal V. 11.10 ATV Newsdesk. 11.15 The Prime of Miss Jean Brodie.

BORDER

10.25 am Welcome to the Ceilidh. 10.50 A Summer Rose. 11.15 Look Who's Talking. 11.40 Technoflash. 1.20 pm Border News. 3.45 Looks Familiar. 4.15 Salvage One. 5.15 University Challenge. 6.00 Look Around Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Selwyn. 10.30 Soap. 11.00 Vegas. 11.55 George Hamilton IV. 12.25 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 3.45 Looks Familiar. 4.18 Little House on the *Prairie*. 5.15 *Emmerdale Farm*. 6.00 Report at Six. 6.35 Crossroads. 7.00 Check It Out. 7.30 A Man Called Sloane. 10.28 Channel Late News. 10.35 Soap. 11.05 Superstar Profiles (William Holden). 11.35 Pro-Celebrity Darts. 12.05 am *News and Weather in French.*

GRAMPIAN

9.25 am First Thing. 10.25 Welcome to the Ceilidh. 10.50 Documentary. 11.15 Look Who's Talking—Derek Batey talks to Roger Whittaker. 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 North News. 3.45 Looks Familiar. 4.15 Project UFO. 5.10 Struck by Lightning. 5.40 Police News. 6.00 North Tonight and Area Weather Forecast. 6.35 Crossroads. 7.00 Charlie's Angels. 10.30 Superstar Profile (Gene Wilder). 11.00 Reflections. 11.05 Soap. 11.35 North Headlines. 11.40 Sounds Gaelic.

GRANADA

10.25 am The Lost Islands. 10.50 A Handful of Songs. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 3.45 Looks Familiar. 4.15 The Little House on the Prairie. 5.15 University Challenge. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 BJ and the Bear. 10.30 Celebration. 11.00 Bluey.

HTV

10.25 am The Company Men. 11.20 Clapperboard. 11.50 Larry the Lamb in Toytown. 12.30 pm Against the Wind. 1.20 Report West Headlines. 3.45 Cabbages and Kings. 4.15 Salvage One. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Emmerdale Farm. 7.00 The Incredible Hulk. 10.35 Gallery. 11.05 Kez.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Flalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15 Get It Together. 4.45 Sêr. 5.15-5.20 Cartoon. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Out of School.

SCOTTISH

10.25 am Welcome to the Ceilidh. 10.50 Documentary. 11.15 Look Who's Talking—Roger Whittaker. 11.45 Sally and Jake. 12.30 pm About Gaelic. 1.20 News and Road and Weather. 3.45 Looks Familiar. 4.15 Larry the Lamb. 4.25 Salvage One. 5.20 Crossroads. 6.00 Scotland Today News and High Summer Extra. 6.35 World Worth Keeping. 7.00 Doctor Down Under. 7.30 Thingummyjig. 10.30 Soap. 11.00 Jazz Series—Ronnie Scott Quartet with guests Dick Morrissey and Jim Mullen. 11.30 Big Break International. 12.15 am Late Call.

SOUTHERN

10.25 am "Geordie," starring Alastair Sim and Bill Travers. 12.30 pm Against the Wind. 1.20 Southern News. 3.45 Looks Familiar. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Rock With Laughter. 10.35 People Rule! 11.05 Celebrity Concert.

TYNE TEES

9.20 am The Good Word followed by North-East News. 10.20 The White Stone. †10.45 Morning *Movie:* "Law and Disorder," starring Michael Redgrave. 1.20 pm North-East News and Lookaround. 3.45 Looks Familiar. 4.15 Salvage One. 5.15 The Great Yorkshire Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 10.30 Alright Now. 11.00 Check It Out. 11.30 Have Girls Will Travel. 12.30 am A Faith Which Triumphs.

ULSTER

10.25 am Welcome to the Ceilidh. 10.50 A Summer Rose. 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Our Ol Town. 7.00 Emmerdale Farm. 7.30 Selwyn. 10.29 Ulster Weather. 10.30 Motorway. 11.30 Soap. 12.00 Bedtime.

WESTWARD

10.25 am Welcome to the Ceilidh. 10.50 Documentary (A Summer Rose). 11.15 Look Who's Talking. 11.40 Larry the Lamb in Toytown. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 3.45 Looks Familiar. 4.15 Gus Honeybun's Birthdays. 4.18 Little House on the Prairie. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Encounter. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.35 Soap. 11.05 Superstar Profile (William Holden). 11.30 Pro-Celebrity Darts. 12.05 am Barney Miller. 12.30 Faith For Life. 12.35 West Country Weather and Shipping Forecast.

YORKSHIRE

10.25 Space Ghost and Dino Boy. 10.50 The Lost Islands. 11.10 Space 1999. 12.30 pm Tell Me Another. 1.20 Calendar News. 3.45 Looks Familiar. 4.15 Little House on the Prairie. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Lingalongamax. 10.30 Doctor Down Under. 11.00 Fantasy Island. 12.00 Superstar Profile.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 7.02 25 Years of Rock. 8.00 Simon Cole. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 John Timpson. 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Newmarket. 4.03 Much More Music (S). 5.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

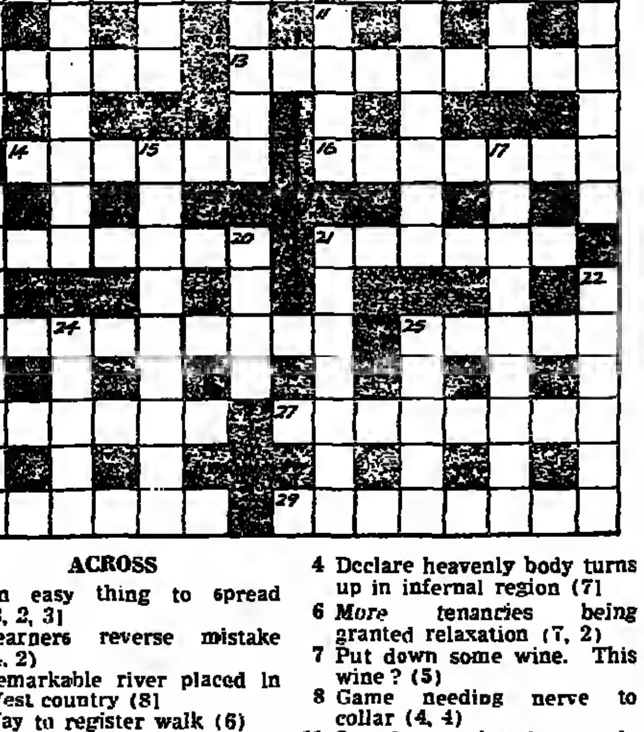
6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 *Morning Concert* (S). 9.00 News. 9.05 This Week's Composer: Smetana (S). 10.00 A Brahms Cello Sonata (S). 10.25 Christopher Tye choral music (S). 11.15 Cricket: Third Test: England v West Indies including 1.35 pm News. 1.40 The Great Match: Old Trafford 1968. 2.00 Lunchtime scoreboard. 6.40 Moravian Teachers' Male Choir. 7.00 Matinees and Storms. 7.30 As Radio 4. 9.35 The Most Powerful Women in America. Katharine Graham *talks to Derek Robinson. 10.10 The* English Ayre (S). 10.30 Piano Duets (S). 11.00 News. 11.05-11.15 Holst (S).

VHF—with Medium Wave above except as follows: 6.00-7.00 am Open University. 11.15 Halle Orchestra concert, part 1 (S). 11.55 Interval Reading. 12.00 Concert, part 2 (S). 1.00 pm News. 1.05 Fitzwilliam String Quartet, part 1 (S). 2.05 Interval Reading. 2.10 Fitzwilliam Quartet, part 2 (S). 2.40 Mozart and Prokofiev concert (S). 3.55 Rawsthorne and Bax piano music (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Enterprise (S). 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Analysis. 11.50 Smith On Survival. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 *Afternoon Theatre* (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1980 (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Franz Liszt Chamber Orchestra concert, part 1 (S). 8.25 The Audio Encyclopaedia of Personal Knowledge. 8.45 Concert, part 2 (S). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book At Bedtime: "The Sign of Four." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,318



ACROSS

1 An easy thing to spread (3, 2, 3)
5 Learners reverse mistake (4, 2)
9 Remarkable river placed in West country (8)
10 Way to register walk (6)
12 Money made by sticky sucker (5)
13 Getting on without a bird for the table (2, 7)
14 Beady frame-up at counter for children (6)
16 Party journal one Conservative considered fundamental (7)
19 Listener on starting line set aside (7)
21 Hopeless at acting with you and me returning before long (6)
23 10 join team in the Lakes (9)
25 Movement for accountant to employ (5)
26 Junior *minister* takes care of senior minister around (6)
27 Approached Bill and worked out price (8)
28 Suitable position for bowler when taken off (6)
29 Card sure to be changed by propagandist (8)

DOWN

1 Two sailors back to front on rock (6)
2 Two inns at entrance to City (6, 3)
3 It's a raid that's for sure (5)
4 Declare heavenly body turns up in infernal region (7)
6 *More* tenancies being granted relaxation (7, 2)
7 Put down some wine. This wine? (5)
8 Game needing nerve to collar (4, 4)
11 Sound returning from male voice choir (4)
15 Die in church before a party receives New Year honour (5, 2, 2)
17 Annoyed when put out of action (9)
18 Girl on hand to reform gallery (8)
20 United go in for needlework (4)
21 Woolly name for Winston Churchill (7)
22 Brick meeting high cross at Highbury maybe (6)
24 Curse putting second class at end of queue (5)
25 Adverse vote (5)

Solution to Puzzle No. 4317

B	R	E	A	D	B	A	S	K	E	T		S	A	P
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ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Tickets immediately available for RSC in HAMLET today/mat. Jul 14, 15. AS YOU LIKE IT tomor. Jul 10, 19(mat). ROMEO AND JULIET Jul 12(mat), 17(mat), 19. Recorded booking info (0789) 69191.

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CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep Perfs. ALL SEATS BKBLE. 1: NIJINSKY (AA) Wk. & Sun: 1.45, 4.40, 8.00. 2: THE WAY WE WERE (A) Wk. & Sun: 2.00, 5.00, 8.00.

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Telephone: 01-734 7984.

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هكذا من الأصل

THE ARTS

Briony McRoberts (left), Peter Birch, Gerald Harper, and Gemma Jones

Chichester Festival Theatre

Much Ado about Nothing

by B. A. YOUNG

You could call this company a well-matched set. Here are a gentlemanly Benedick, a lady-like Beatrice, an aristocratic Don Pedro, an evil Don John, a boyish Claudio, a maidenly Hero. Under Peter Dews's direction they play a romantic *Much Ado* that looks enchanting on the set by Finlay James, with its double-decked pavilion of arches upstage. One important factor is missing, however — the jokes.

Like Desdemona, these players seem sometimes to understand the words, but not the meaning of the words. To take a salient example, why does Benedick complain of a toothache in Act 3? Why, so that he can hold a handkerchief to his face to conceal the fact that he has shaved off his beard. But on comes Gerald Harper approaching the company barefaced; the company notice nothing, and his references to toothache mean nothing. Already he has told us "The world must be peopled" as if he were a sociologist. The play bristles with jokes — even Don John has one ("Would the cook were o'my mind") but they are too often glossed over as if they weren't there. The timing is the fault — the subtlest adjustment, the faintest hint to the audience that Shakespeare meant this line to be funny, and the play becomes a comedy as well as a romance.

As a romance it is very pretty. Benedick without wit becomes a rather uninteresting hero, but Mr. Harper is handsome and graceful. Gemma Jones's Beatrice is lovely to look at and she came nearer to making me laugh than most of them, except Dogberry and Verges, partly because she made me think of another Beatrice, Beatrice Lillie. Don John, Martin Sadler, in a dark green outfit, is more truly sinister than the lovers are amorous—a good performance this.

Indeed, the smaller parts contributed most of my pleasures. Bill Pearson is a fine humane Friar, Paul Hargreaves gets a bundle of humour from the Sexton with hardly a word, Peter Sallis as Verges is actually funnier than Michael Graham Cox as Dogberry, though he is funny too in his policemanly way. I was delighted by young Benedict Rogerson as the Boy whom Benedick sends for his book; I encountered him in the interval, skipping over a fence and worrying because he hadn't actually brought the book he went for—Shakespeare's mistake, however, not his.

There's a pleasing artificiality about the festive scenes; all the ladies at the ball in Act 2 wear identical dresses so when they are masked they are truly impossible to tell apart. When the men join them, they are also similarly dressed, but nature and an occasional earring identify the individuals more easily. The ladies wear the same costumes again, with hats like inverted shuttlecocks, for Hero's second wedding, and its subsequent dance. Music has been contributed by John Birch from the neighbouring cathedral; Charles Rogers sings a charming "Sigh no more" in an unusual rhythm and a "Pardon, goddess" that belongs clearly in the Anglican tradition. Everything is nice to look at, nice to hear; if only the comedy could manage to come to the surface!

Paris Theatre by NICHOLAS POWELL

After a programme of four Molières last autumn, spoilt by slapstick and overacting, Antoine Vitez has turned his hand to Racine's *Berenice* at the Theatre d'Ivry. The production is a contradictory mixture of classical purity — in the 17th century costumes and set—and quite unclassical falling about.

The cabinet between the apartment of Titus and that of Berenice' where it all happens, is a delicately coloured panelled interior with, to either side, a backdrop of a classical countryside. That, with the sumptuous costumes would seem, at first sight, to put *Berenice* head and shoulders above the visually drab Comedie Francaise production.

But what jars is Vitez' provocative remodelling of the drama. Whereas the Comedie Francaise production achieves some of its greatest effects through silence and soft-spoken sentences, Vitez' version translates the agonising tension of Racine's text by full-scale histrionics. Titus — not much of an emperor one feels — is a Hamlet-like figure who trails round stage dangling a rose from a limp hand. Berenice is a sturdy, shouting sovereign, given to mothering him. Antoine Vitez as Antiochus abandons choked pain for a wildly externalised interpretation of the love sick king. For this he relies on two basic gestures which most directors would shy away from — raised arms, imploring heaven, and head clutching.

His use of space and movement is wasteful and destructive of pace: characters move silently round stage, whipping up superfluous nervous tension, at the beginning of each scene. The fundamental blunder, however, is to have neglected the conflicts between affection and duty. Vitez prefers to see the affection itself as the affliction a sort of hysterical illness.

No one, subsequently, seems to be in love with anybody else, just over obsessed with their own states of mind. Vitez as Antiochus has the last word of the play—"Helas." He shouts it very loud, and very long. Incredibly, there were one or two "bravos" in the house.

There is tragedy of a realler kind in Czech director Otomar Krejca's production of Chekhov's *Seagull* which has just entered the repertory of the Comedie Francaise and which is being hailed as a masterly interpretation of a work often performed in France.

The cast puts in such a highly competent and moving performance that critical remarks seem like nit-picking . . . Constantin, (Francis Huster) is both sympathetic and disquieting, his inner disturbance expressed by jittery gesture and increasingly nervous delivery building up to the dreadful climax of act IV. Irina, the destructive and self-infatuated mother, (Catherine Samie) needed more punch and presence to make Constantin more obviously a victim.

Alain Pralon gives a stunning interpretation of human mediocrity as Medviedenko and Macha (Fanny Delbrice) is deep and very fragile. Ludmila Mikael expresses the naive, vaulting ambition of the seagull Nina without in act IV conveying intensely enough the wreck her life has turned into. Consequently she leaves Huster with most of the hard work to do.

On a more irreverent note cafe theatre writer and director Louis Thierry has put on a song and dance show, almost as good as his previous reviews, called *La Staaar* at the Theatre Fontaine. Thierry, whose comic speciality is debagging the illustrions (two former victims are Greta Garbo and Joan of Arc) and weaving in topical references and music hall songs, has set about the world of show business.

The recipe works less well because the target is less precise and less revered. The star is Magali Noel, a 1950s cinema starlet who not only accepted to song and dance in a parody of her own career but thought of the idea in the first place. Noel's camped up career, with a cast of six, is traced from its dull provincial beginnings full of hysterical promise to the compromises of the show business world which sully her art.

From straightforward song and dance she turns to cinema, sits gaudy and mindless at Press conferences ("are you faithful to your husband?" "often"] and does recipes on TV before starring in a cultural operetta about Lucretia Borgia. The routines are zappy, the dialogues of unequal funniness and most of the references topically Parisian. Magali Noel shows she knows how to do it all, but *La Staaar* lacks the vicious irreverent bite of Thierry's previous shows.

There is more satire from the now almost establishment Grand Magic Circus (they are asking for a Government subsidy) passing through Paris with their latest show *Les Melodies du Malheur*, before taking it on international tour. The circus, who used to be chic and wittily left, got heavy-handed in their political comment with *1001 Nights* two years ago. *Melodics du Molheur* has abandoned all attempt at political comment and, worse, veered into morbidity. The show is composed of four sketches, featuring—a pair of Siamese twins, a paralysed acrobat, an executive destroyed by unemployment and an unwilling striptease artist. The members of the circus do all their stunts brilliantly (including jazz on bagpipes) but the show lacks coherence, not to mention taste.

New York

New York City Ballet

by DAVID VAUGHAN

The New City Ballet season that has just closed saw the addition of no fewer than four ballets by George Balanchine to the regular repertory, a remarkable fact in itself when it is considered that a little over a year ago he was out of commission following a serious illness. Of the four ballets, two had been previously given elsewhere: *Walpurgisnacht Ballet* at the Paris Opéra in the 1975 production of Gounod's *Faust*, and *Le Bourgeois gentilhomme* in the 1979 spring season of the New York City Opera. The other two were brand new: *Ballade* (Gabriel Fauré) and *Davidsbündlertänze* (Robert Schumann). *Ballade* was done on the cheap, with hand-me-down décor and costumes from *Tricolore*, last year's disastrous French companion-piece to *Stars and Stripes* and *Union Jack*. *Davidsbündlertänze*, on the other hand, is an expensive-looking production with elaborate scenery and costumes by Rouben Ter-Arutunian (who also designed *Tricolore* and *Bourgeois*). As often happens at New York City Ballet, the quality of the choreography is in inverse proportion to the expenditure on scenic trappings.

To Schumann's intimate piano pieces, Balanchine has choreographed a series of dances, mostly duets, for four couples (Suzanne Farrell and Jacques d'Amboise, Kay Mazzo and Ib Andersen, Heather Watts and Peter Martins, Karin von Aroldingen and Adam Lüders), but it soon becomes apparent that he wanted to do more than make another ballet about romantic love — the piece also seems to refer, however obliquely, to the two sides of Schumann's personality, the impetuous extrovert (Florestan) and the gentle introvert (Eusebius). All the women at times hide their heads in shame — perhaps a typically 19th-century reaction to the physical side of their relationships with their partners? One couple, von Aroldingen and Lüders, seem to have even worse problems—he rushes about the stage every which way as though looking for an avenue of escape, and at the end of the ballet, in fact, leaves her standing alone. Moreover, in a solo he is menaced by five macabre, black-clad figures who appear in the wings, carrying large quills and books and wearing tall top hats, presumably to symbolise Schumann's actual madness.

Ter-Arutunian has designed a setting whose backcloth is reminiscent of the visionary landscapes of Caspar David Friedrich, with a spectral cathedral floating like a mirage above a seashore. The suggested analogy between painter and composer is dubious; moreover, the Midas-like touch of this designer turns everything he touches into *kitsch*. The backcloth is framed by wings of white fabric floating from rows of gothic arches and divided by skeletal branches of trees. It is enough to make one catch one's breath in horror when the curtain rises. Conceptually, this ballet must be called a failure.

Ballade is both more modest and more successful, a kind of companionpiece to *Ballo della regina*. Both ballets were made to enshrine the attributes of the brilliant ballerina Merrill Ashley, and in the case of *Ballade* to acknowledge and extend the new lyricism she has shown in her recent performances of *Tchaikovsky Piano Concerto No. 2* (alias *Ballet Imperial*) and Balanchine's near-abstract redaction of *Swan Lake*. *Walpurgisnacht* similarly celebrates a ballerina, Suzanne Farrell, for whom the original choreography has apparently been revamped to display her virtuosity in all its facets—not only does she dance the expected adagio, partnered by Lüders, and an *allegretto* solo, she is also given the music that ordinarily would accompany a male variation, with *cabrioles battues* and other *grand allegro* steps. This ballet is also dressed in dowdy cast-off costumes, from various sources.

Le Bourgeois gentilhomme was originally made for Rudolf Nureyev. Then, the choreography was credited to Balanchine and Jerome Robbins; now, it is attributed to Balanchine alone, but it looks as careless and slipshod as it did at the City Opera, and it's still desperately unfunny—the treatment of the title character, Monsieur Jourdain, is merely cruel. Martins, in the role of Cléonte, hardly bothered to work out a characterisation, and Farrell as Lucille, acts cute.

One doesn't, of course, go to NYCB to see beautiful costumes and scenery, but for the choreography and the dancing. In spite of a high rate of illness and injury this season, there has been a lot of wonderful dancing. Ib Andersen, the very promising young soloist from the Royal Danish Ballet, joined the company and looked immediately at home in almost everything — he danced in both the new ballets, *Ballade* having been intended for Sean Lavery, one of the injured. Mikhail Baryshnikov, for whom no new ballet was choreographed by Balanchine during his brief sojourn in the company, danced a couple of performances of *The Steadfast Tin Soldier*, stepping in at short notice and without publicity for Helgi Tomasson, to partner Judith Fugate, deliciously doll-like. It was good to see Balanchine's half of *Episodes* (originally a collaboration with Martha Graham) back in the repertory, with Allegra Kent dancing the "Concerto" section with all her accustomed mystery and intensity. And *Apollo* was finally given a worthy cast in Martins, Farrell, von Aroldingen, and Kyra Nichols, though the ballet is still ignominiously shorn of its prologue.

Merrill Ashley and Ib Andersen

Round House

The Strongest Man in the World

I feel about Barry Collins's ambitious play much as I did when it was first seen at the Nottingham Playhouse in October 1978: I warm instinctively to what it has to say about the Soviet Union—indeed, who in this country could not?—but I fail to respond to it as drama. The dilemma is almost a classic one. For some people, the tale of the callous victimisation of a sporting hero at the Moscow Olympics who dares challenge the authorities' demands on his manufactured status in the Hall of Heroes, is sufficient reason for unqualified applause. But the story is slow to unfold, does not burn with much dramatic heat and often misfires badly at its moments of emphasis.

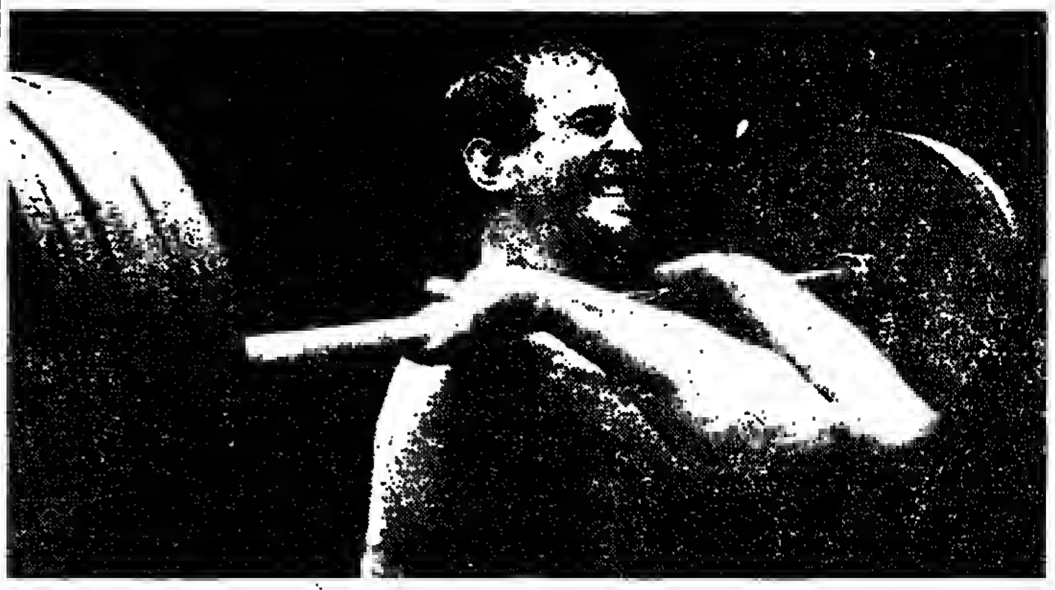
However, Nikolas Simmonds's production is an improvement on Nottingham in extracting the humour of the writing and its indomitable Yorkshire verve. Shukhov is a miner who performs valiantly in a pit disaster and is snapped up as the State's prime candidate in the maxi-weightlifting event. When a rival American is reported to be lifting tons before breakfast (the danger of that challenge would not now, of course, apply) Shukhov is pumped full of steroids and driven on to triumph. His family back home watch him win the gold on a television installed by the State in grateful exchange for propaganda fodder.

The personal cost to Shukhov of all this is driven home in the play's second act. His hormone balance has become disturbed and he can no longer make love to his wife, even in the President's wedding gift of a four-poster bed. He destroys his own image in the Hall of Heroes, is sent for "trial," and incarcerated in an asylum while his mother is confined to her village and his wife banished to Siberia.

In prison, other dissidents tattoo his body with revolutionary slogans and a butterfly. There is a pleasing shift to a lyrical plane in the final scene where a female doctor awakens his dormant spirit and sex drive and, as we hear a sentence of solitary confinement until death passed up above, Shukhov begins, joyously, to chisel away at the rock-solid floor with a knife and fork. The butterfly may dance for a while, but will in the end be crushed.

Michael Attwell is more middle- than heavyweight, but he turns in a perfectly competent performance in the midst of British Army-style trainers, supercilious bureaucrats and twitching fellow-prisoners. I left the theatre impressed by the sentiments but unmoved by their expression.

MICHAEL COVENEY



Michael Attwell

Midland Arts Centre, Birmingham

Orlando Paladino

The new exposure of Haydn's operas proceeds apace, but with a disadvantage. Whereas a work by Cavalli or Rameau (to name two as a chief object of operatic revival) provokes no familiar comparison, Haydn's operatic idiom seems often to be "Mozart minus." In the main this is a matter of purely musical style, but in Haydn's *Orlando Paladino* (1782) there is an additional reminder. When the noble Orlando pushes forward his unwilling servant to address the dread figure of the sorceress Alcina, the effect is just that which Mozart was to contrive better with Don Giovanni, Leporello, and the statue of the murdered Commendatore.

Musically, as Antal Dorati's recordings have shown, the work is to be treasured as an example of right and stylish Haydn. As well as slow arias of sentiment and fast arias of humour or bravado, there are more subtly emotional passages of accompanied recitative. But on stage this "drama eroi-comico" stumbles, the heroic and comic elements going ill together — especially the juxtaposition of the supernatural and the human.

The traditional figure of the knight of chivalry driven by love into raging insanity (Orlando furioso) is almost stripped of psychological interest or dramatic motivation. The love-intrigue is lightly done, the prevailing tone is not serious, and a modern audience can find little necessity for the spells of Alcina or the appearance of Charon at the gateway to the Underworld. Even such a resourceful producer as John Cox of Glyndebourne, who triumphed with Haydn's *La fedelta premiata* by making its artificialities more artificial still, might pause before the task of staging *Orlando Paladino*. The team of young professionals who call themselves (in an annual production) the Cannon Hill Music Theatre were hold indeed to offer was was claimed to be the first staging of the work since the composer's day.

There were some promising voices here, and some more than promising. Best of all, in the tenor role of Medoro (who has displaced Orlando in the affections of Angelica), was the ardent, graceful singing of Peter McCrystal—though he came unnecessarily to grief on an interpolated top C. Orlando himself (another tenor role) was given a properly musical pathos by Philip Creasey, Rodomonte's part found a sturdy baritone in Ralph Meanley, and both sopranos (Catherine James as Angelica, Susan Bisatt as a shepherdess) are likely to be noticed again. Paul Herbert was musical director and harpsichordist, dangerously placed with his back to the singers and with an orchestra stationed on one side of the stage: despite one or two embarrassing moments, this was an artistically sensitive performance.

But the dramatic difficulties defeated John Ginman, the young producer. (He also supplied the translation — quite singable, but by its absence of rhyme inescapably wrong for the period.) A tiny stage minimal scenic resources cannot be pleaded as a sufficient excuse: to attempt a professional theatrical assignment must imply an undertaking to make it work. To have the vainglorious knight Rodomonte as knowingly comic instead of a swaggerer, to give Alcina no appropriate gestures, indeed to miss almost every opportunity for expression by gesture and movement — these were signs perhaps of a lack of experience, perhaps of an insufficient conceptual imagination.

Costumes by Andy Greenfield, in which Medoro was like a young man-about-town from Haydn's Vienna and the armed knights came apparently from Monty Python's world of the Holy Grail, were also not an aid to artistic credibility.

ARTHUR JACOBS

Schiller-Theater, Berlin

The Play of the Resurrection by RONALD HOLLOWAY

On the occasion of the 86th German Catholic Conference, this time in West Berlin, the Schiller-Theater presented a religious drama for the participants and its own theatregoers. As the programme read, *The Play of the Resurrection* by Ilka Boll is "based on an idea by Kazimierz Dejmek with reference to the medieval mystery and Easter plays."

If that sounds familiar to the theatre-festival follower, refer back to your records of the Theatre of the Nations festival of 1961 in Paris. There may be other references to guest performances across Europe of Kazimierz Dejmek's production of *The Story of the Glorious Resurrection of Our Lord* by Mikolaj Z. Wilkowiecka (written 1765) at the National Theatre in Warsaw in the 1961-62 season. As I recall a visit to Warsaw in the early sixties, the ensemble was already used to carrying its set around on its back to wherever an invitation was extended.

The Dejmek production was based on Jesuit Baroque Theatre as it had developed in Poland for over two centuries, the roots going back to the medieval mystery plays performed in the market places of Europe. There was raucous but reverent fun in Dejmek's vision: a peasant Christ, a boy's choir croaking Latin hymns in "old Polish," a resurrection that sprang from a stage contraption, a shepherd's staff that could be reversed to poke the devil in the rear, and a magnificent ensemble that impishly fell in and out of the roles they were playing.

The Ilka Boll transplant of a Catholic tradition to Protestant Berlin had its effect for nostalgia's sake, but unfortunately there was little else to recommend it. Why the questionable reference to Dejmek instead of Wilkowiecka and the change in title is unexplained in the programme. More offensive to the spirit of the play, however, was the pretty-faced Christus, the scrubbed-chorus with the practised hymns, the uninspired resurrection scene, and the *Staatstheater* thespians standing around listlessly as though waiting for a cue in a Life of Christ movie production. In short, a sober and edifying performance for a modern-day Conference of Christians.

Das Spiel von der Auferstehung was all the more disappointing because something seems to be in the wind these days with regard to religious drama. Hundreds of young people filled the streets and jammed the Olympic Stadium for the occasion. If our present, activated Pope had paid a visit to the conference, would he have recognised the glorious resurrection at the Schiller-Theater as an expression of both piety and politics, as Dejmek intended? Probably not.

Back in 1935, T. S. Eliot's historical verse play, *Murder in the Cathedral*, was performed in the Canterbury Cathedral chapter-house during the Canterbury Festival. In the same year, the Catholic dramatist Paul Claudel collaborated with composer Arthur Honegger on the opera-oratorio, *Jeanne d'Arc au bûcher*. The Honegger-Claudel *Johanna auf dem Scheiterhaufen* is scheduled for mid-July at the Berlin Summer Festival in the open-air courtyard of the Maria Regina Martyrum Church under the direction of Heinz-Lukas-Kindermann and conductor Caspar Richter. Last summer, Beethoven's *Fidelio* was similarly performed at Charlottenburg Castle. Both are part of a series in the summer festival addressing mankind's peril and hope.

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A grip on the purse strings

WHEN THE Cabinet meets today for its second major discussion of the Government's economic strategy, one simple fact is likely to dominate the proceedings. While the economy indicators generally, the inflationary expectations in particular, are now beginning to move towards the paths charted by the Government, public sector borrowing could well overshoot the forecast made in the March Budget. The question which will divide Ministers is whether they can feel satisfaction with the progress of their policies, while public borrowing and spending are veering off target.

Yesterday's central government borrowing requirement figures provided a clear indication of the widening gap between government spending and revenues. To put the matter at its most alarming, 48 per cent of the CGBR projected for 1980-81 had already been used up in the first quarter. Public borrowing normally rises rapidly during the first few months of the financial year and slackens off in the last quarter, but such a rapid build-up is unprecedented. Like most of the short-term financial indicators, this one is heavily distorted by tax changes, industrial disputes and other irregular factors, so the true state of Government finances is probably a good deal sounder than might appear at first glance. Nevertheless, looking at the spending and revenue items separately, a disquieting, if not alarming, picture emerges.

Warnings

Total consolidated fund expenditure, which was planned to rise by 20 per cent during the year as a whole, is 27 per cent up, relative to last year's April-June quarter. Meanwhile, revenues have increased by only 17 per cent, compared with the 20 per cent year-on year increase projected in the Budget. While too much should not be read into a single set of figures, the Government can no longer afford to ignore the warnings emanating from economic forecasters of all persuasions, ranging from the London Business School's monetarists, to the new-Cambridge protectionists, that its borrowing plans have not taken sufficient account of the effects of recession on both revenue and spending.

Thus, as they consider the outlook for public spending at their Cabinet meeting today, Ministers should attempt to distinguish between those over-runs which are the inevitable effects of recession and those which are due mainly to laxity in control and planning. It would be damaging, both to the real economy, and to the chances of maintaining the Government's medium-term policies if, in an excess of zeal, Ministers decided that public spending and borrowing had to be reduced at all costs despite the fact that the recession looks like being considerably deeper than the Chancellor had expected. The aim of Government policy must be to reduce the trend of public spending and borrowing. It must not be to counteract the automatic stabilisers which are just as valuable a part of the market economy as, say, the forces of competition.

This does not mean that the Government can afford to take a complacent attitude to all forms of overspending. While two of the biggest programmes—social security and nationalised industry financing—are extremely vulnerable to cyclical factors, these are not the areas that are currently causing greatest concern to Ministers. Defence and the local authorities, which spend the great bulk of their money on housing and education, appear to be the biggest overspenders at present.

The problems of controlling local authority spending, which is left, for good constitutional reasons, in the hands of local politicians, are daunting, but not insurmountable. The moratorium on capital spending, which has been mentioned as a threat, would be a needlessly destructive way of tackling the problem. It would do nothing to attack current spending, which is where the vested interests of councillors and the municipal workers' unions lie. A better solution would be a reduction in the topping up of the Rate Support Grant which the government provides to local authorities in November. But even this rather draconian measure, which would punish extravagant and frugal alike, may not be necessary. The authorities have been asked to revise their budgets by August and there is still a chance that most will adopt a responsible attitude.

Control

It is this new, responsible attitude to spending, whether in local government, in defence or in the fastest growing programme of all-debt interest, that the financial markets and the government's supporters are now seeking. The control of spending in the longer term, rather than the achievement of any particular set of figures in a given year irrespective of cyclical factors, should be the government's objective.

Danger signals in Zimbabwe

THE WAR of words between the two parties in the Zimbabwe Government, which has been a feature of the last few weeks, escalated into physical violence yesterday as supporters of Mr. Robert Mugabe, the Prime Minister, and of Mr. Joshua Nkomo, his Home Affairs Minister, clashed in the streets of Salisbury. The incident itself — two people were injured after which the crowd dispersed — was relatively minor. But the growing tensions between Mr. Mugabe's Zanu (PF) and Mr. Nkomo's Patriotic Front bodes ill for the future stability of the three-month-old Zimbabwe Government.

The coalition between Mr. Mugabe and Mr. Nkomo is an unequal one, while the tensions between the parties led by the two men have their origin in a long history of often bloody rivalry which at base is as much tribal as anything. Mr. Mugabe's overwhelming election victory last March would have allowed him to form a government entirely from his own Zanu (PF) party: instead, in the interests of national reconciliation, he offered four out of his 23 Cabinet posts to Mr. Nkomo's Patriotic Front, his uneasy partner in the guerrilla war and in the Lancaster House negotiations.

'Out of turn'

But opposition to the coalition from within Mr. Mugabe's party, always strong, has now grown to such an extent that Mr. Enos Nkala, Mr. Mugabe's Finance Minister, could declare this week that his party's task was to "crush Joshua Nkomo and forget him." Mr. Nkala has a reputation as a fiery old-style nationalist and may well have been speaking out of turn, though whatever the status of his remarks — and they have not yet been repudiated by Mr. Mugabe — they point to undoubtedly widespread dissatisfaction on both sides with the coalition.

Mr. Nkomo himself, while publicly declaring that his aim, like Mr. Mugabe's, is national reconciliation, has made little secret of his disillusion with an election which gave him only 20 of the 80 black Parliamentary seats. The veteran nationalist leader was profoundly disappointed that the vote for those seats came only from his own minority Matabele tribal area, and he has encouraged his followers to believe that they can one day win another election in Zimbabwe outright.

Armed forces

But looming over all this is the critical issue of the armed forces. The political divisions between the parties have so far allowed only the most sketchy integration of the two rival guerrilla armies with the former Rhodesian forces. Zimbabweans of all complexions, are afraid that the sort of minor faction fighting which broke out in Salisbury yesterday could spread in a major way to the camps where at least 32,000 guerrillas, loyal to either Nkomo or Mugabe, are still armed, idle and restive.

This fear, which in itself could lead to a sort of civil war, is probably more real than that Mr. Nkomo might, for example with Russian help, attempt a coup against Mr. Mugabe's government. There is no real parallel elsewhere in Africa for what might happen in Zimbabwe. But in general black African governments, especially when they represent the tribal majority as Mr. Mugabe does, tend by one means or another to ensure their supremacy over their minority rivals.

Zimbabwe came to independence with high hopes, albeit with enormous problems. These are mainly economic, and almost entirely to do with raising the living standards of all Zimbabweans, not least those ordinary black citizens who suffered most the deprivations of the seven-year guerrilla war. It would be a tragedy if the country's black leaders allowed their differences to undermine Zimbabwe's chances so soon after independence.

Iran's Islamic revolution runs into the sands

BY ANDREW WHITLEY

THE IRANIAN revolution is in deep, possibly terminal, trouble. How it survives the next nine months will determine whether the Khomeini theocracy is here to stay, or whether it gives way to a likely succession of weak governments in which the Left would play an increasingly important part.

Seventeen months after the old Imperial army declared its neutrality in the fratricide between monarchists and republicans — paving the way for Ayatollah Khomeini's actual assumption of power — the Islamic order has not established permanent roots and its adherents sense they are on the defensive.

For the West this uncertainty represents the worst of all possible worlds: compelled despite themselves to pray for the 80-year-old iconoclast's continued health, the State Department and Whitehall must know well by now that, alive, Khomeini will devote his strength to eradicating western influence. In turn, his campaign is generating a strong adverse reaction within Iran which could precipitate his own downfall.

The Islamic Republic's problems are largely of its own making, stemming from the fervent desire, common to all successful revolutions, to establish itself as fast as possible. More particularly in Iran's case they arise because the Ayatollah knows nothing about, and cares little for, economics or administration.

President Abolhassan Bani-Sadr and his coterie of young American and French educated advisers know the revolution is in trouble. They say so privately. In public, however, the President highlights the manifold problems affecting the economy in an attempt to brake the headlong rush of the fundamentalists supporting Khomeini, who believe the revolution has to keep running to stand still.

But few dare to stand up to the old man and no-one with any interest in taking part in the running of the country dares to oppose him publicly. To do so, as did Mr. Hassan Nazih, the first head of the state oil company after the revolution and a doughty fighter against the Shah's regime, is to invite being thrown to the wolves, in the shape of the "Party of God" hoodlums.

Nevertheless, the manifestations of the malaise are there for all to see. There is the open hostility in the capital's streets against the turbanned and brown-cloaked mullahs a much more common sight than ever before; the occasional, half-glimpsed gatherings in public places of men who shout "Long live the Shah!" then disappear; the fresh crop of anti-Khomeini wall slogans; the return to the habits of pre-revolution days of tuning in every evening to foreign radio stations, both clandestine and above-board.

It is easy to dismiss these warning signs as Ayatollah Beheshti, the leader of the fundamentalists does, as insignificant, reflecting only the discontent of a class which has lost power and cannot adjust to the new circumstances, or to put them down to the work of professional agitators.

But the fact is that in Tehran and in many important provincial cities Iranians of all classes are, for different reasons, near the end of their tether. "How much longer can this go on?" and "Why are they pushing us so hard?" are the sort of rhetorical questions which elicit a despairing shrug.

The objects of the abuse are usually the paramilitary Revolutionary Guards, a motley force of young bearded men in camouflage jackets whose fanaticism bears comparison with both Mao's Red Guards and the Calvinists. Nearly everywhere it is they rather than the regular police who are in charge of security and law enforcement, Islamic-style.

They work hand-in-glove with the Islamic Republican Party, the main pro-Khomeini party, and the Islamic councils on the one hand and with the local governors, usually men of a similar breed, on the other in carrying through every change of gear in the revolution.

The latest gear change ordered by Khomeini two months ago and repeated recently in a sharply worded message to President Bani-Sadr is for a thoroughgoing cultural revolution in education, administration and modes of behaviour. The campaign is now in full swing, in spite of feeble protests from women's groups.

Its sharp edge is the purging of thousands of government employees from Iran's bloated bureaucracy and from schools and universities, on grounds of "co-operating with SAVAK," the Shah's secret police, or simply being antipathetic to the revolution's Islamic ideals. They join an estimated 2.5m to 3.5m others unemployed and with little prospect of work.

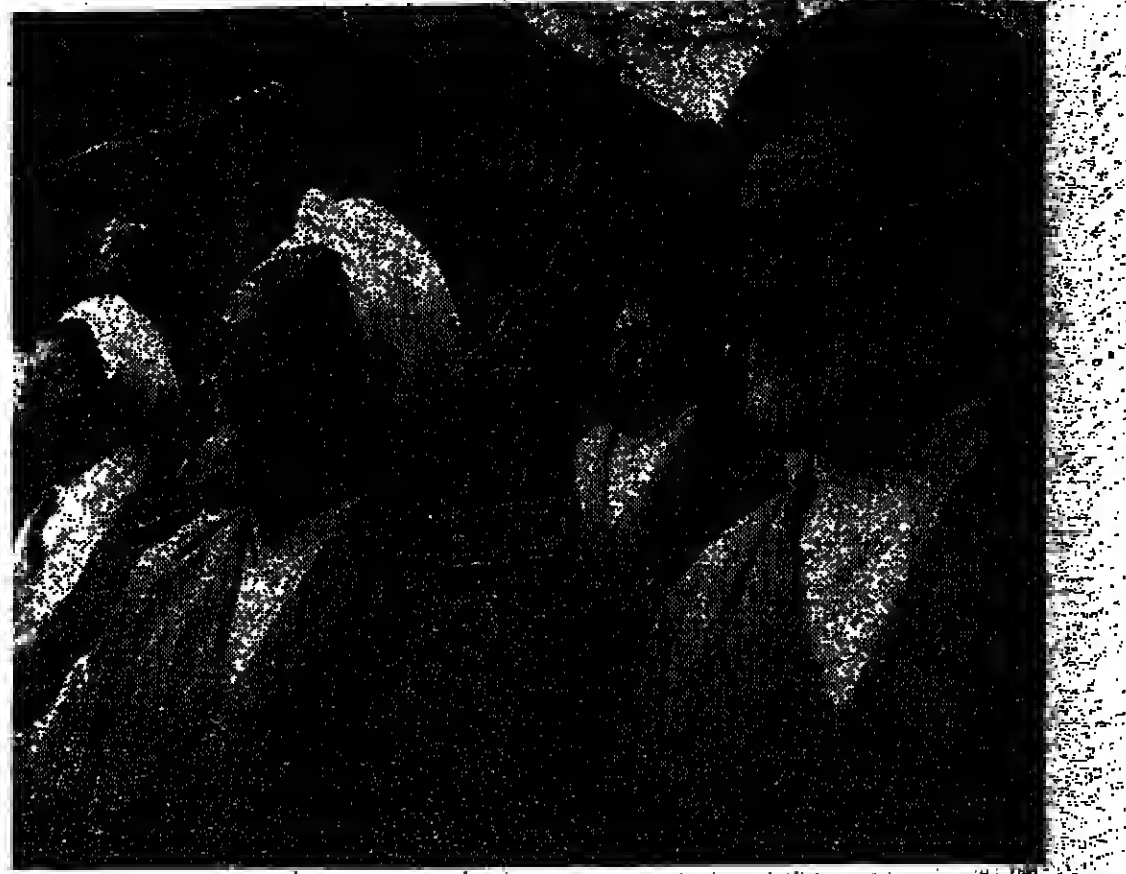
Who, ultimately, controls the Guards (a question journalists and diplomats in Tehran are fond of asking each other) no one knows. The answer probably is that no one person does, though different senior members of the Revolutionary Council and of the Bani-Sadr Government can probably lay claim to a certain amount of allegiance.

Among the power figures are Dr. Beheshti, Ayatollah Mahdavi-Kani, in charge of that other revolutionary institution, the committees, and Mr. Mehdi Chamran, who runs the secret police and is the brother of the Defence Minister.

The divisions in the administration as a whole, between pragmatists such as the President and Mr. Mahdi Bazargan, the former Prime Minister who resigned when the contradictions proved too much to bear any longer, and hardliners, for want of a better word, such as Ayatollah Rafsanjani, are reflected within the Revolutionary Council. Mr. Hassan Habibi, who is likely to be nominated shortly as Prime Minister, is usually regarded as the "swing-voter" in a 13-man Council split evenly on most issues.

In practice the hardliners have usually managed to outvote or outmanoeuvre Mr. Bani-Sadr, who is the Council's chairman. At one stage, in May the former Paris student of economics was said to be in such despair that he contemplated resigning—a step which would have gratified Ayatollah Beheshti immensely, as it is he in his capacity as President of the Supreme Court who would automatically step up until a new election could be held.

The President held on, despite his setbacks in failing to establish a provisional government before Parliament met (a blatant tactical move which fooled no one) or to gain control over the two most effective arms of power: broadcasting and the Revolutionary Guards. In keeping going he was fortified by the support of Ayatollah Khomeini's son, Ahmad, and his son-in-law, Hojatulislam Shehab Eshraqi.



Armed mullahs march past the house of Ayatollah Khomeini in the holy city of Qom

The hard fact Mr. Bani-Sadr faces is that he has no constituency and no means of enforcing his authority, other than moral exhortation. His decisive election victory in January resulted from a relatively free campaign in which he was the best known and least muddied figure. But since then he has become just as bogged down in revolutionary infighting as had Mr. Bazargan.

Apart from sudden sharp lurches such as the country's cultural revolution, Iran has drifted directionless because of Ayatollah Khomeini's refusal to take sides.

The revolutionary leader's health has given cause for concern in recent months following his stay in hospital six months ago for a heart complaint. He is known, for example, to have a painful prostrate condition which cannot be treated: but recent speeches suggest he is getting stronger again.

If he were to die suddenly the consequences are almost incalculable. This would especially be so if it were to come before the new government structure was operating and the revolutionary institutions dismantled. One possibility is an attempt by some unit in the armed forces to seize power, taking advantage of the confusion.

In theory a Prime Minister and full Cabinet should be appointed sometime later this month after the approval of Parliament, at which time the Revolutionary Council would dissolve itself. Latterly, though, there have been hints that it may continue in some other guise.

The most likely scenario for the succession to Khomeini as the nation's supreme leader is that Parliament, as the representatives of the people, would vote for the senior religious figure, thereby backing the still controversial concept of the "rule of the theologians." On present indications that person would be Ayatollah Montazeri, the Friday prayers leader of Qom. It would be a transitional road mined with dangers for the fundamentalists as it would necessarily involve a total break with orthodoxy by excluding the other top-ranking Shi'a clergy — the six remaining "Grand Ayatollahs."

But eventually it is Iran's growing economic difficulties and the real hardship being felt by an increasing number of people, which could prove the catalyst for another violent lurch in the revolution — a lurch which could bring down the mullahs. The causes are the non-stop power struggle, which has blocked any decision taking on the economy beyond meeting immediate needs, and the West's economic sanctions in support of the release of the hostages.

> For the average Iranian the hostages issue has disappeared to be replaced by a preoccupation with rising prices and pay cuts.

The key to the success of sanctions is the refusal of the major western and Japanese oil companies to buy Iranian crude oil, ostensibly on price grounds. Other customers are able to take up only some of the slack, leaving a revenue gap which diplomats feel could bankrupt the country on its present rates of spending sometime this winter.

For the ordinary Iranian the hostages issue has disappeared almost to vanishing point, to be replaced by a preoccupation with rising prices and pay cuts—should he be fortunate enough to have work. The word "work" is a misnomer as hardly anyone has anything to do, whether in Government, industry or business. Instead, everyone is waiting on who will emerge at the top in Tehran.

In the past Iranians had a reputation for putting up silently with all the indignities of the Shah's regime. The force of the revolution, swelling out of a grass roots movement, put paid to that. Few are now afraid to speak, or act.

THE SHAH AND THE HOSTAGES

IN THE turmoil of today's Iran the announcement of the death of the exiled Shah would make little difference. The popular view, hammered home by the country's new rulers, is that their former ruler was a puppet of the West; so, in the public's mind his removal from the scene would ease only marginally the national obsession about the enemy without.

To be sure, his death would provide a psychological fillip to the mullahs, the Muslim clergy, and would simultaneously cast the exile opposition groups into temporary disarray. It would remove the fear within Iran of a replica of the 1953 CIA-backed coup, which brought the Shah back from a temporary spell abroad. But it could not exclude the possibility of the return of his son, 19-year-old Crown Prince Reza, or some other pro-western surrogate.

Currently chief candidate for the surrogate role is Dr. Shahpour Bakhtiar, a Francophile and the last Prime Minister under the Shah. He heads a movement based in Paris which has surprised sceptics by growing in strength and conviction in recent months and has received overtures of alliance from other former notables of the monarch's day who have organised their own military and political opposition.

With the fate of the 53 American hostages in Iran very much in the balance Washington will want to move with caution in its dealings with the embryonic opposition movement. Depending on how the internal dynamics of Iran work themselves out this summer and autumn, this posture may change.

The hostages are no nearer to freedom now than they have ever been in their eight months of captivity, with the most likely prospect being a trial of sorts—either of the hostages themselves, or of the U.S. or of the Shah—sometime in the autumn. The U.S. Government has already been told at a high diplomatic level to brace itself for such an eventuality and to remain calm if it happens.

MEN AND MATTERS

Leaving the family firm

"You win some and you lose some." mused Gil Cooke, managing director of C. T. Bowring, now part of the giant Marsh and MacLennan U.S. insurance broking group, on the departure of two more key employees. In truth, however, Cooke appears of late to be losing rather more than he is winning.

Yesterday Clive Bowring and Peter Stoddart, both descendants of the founding father of the group, added their names to the lengthening list of escapees. Stoddart, 46, and Bowring, 43, are the great, great, great grandsons of Benjamin Bowring who opened a watchmaker's and jeweller's shop in Exeter back in 1803. Benjamin's son, C. T. Bowring, is the man from whom today's group takes its name.

The first of the family to pack their traps since the Marsh and MacLennan takeover, they are departing for the more intimate atmosphere of Robert Fleming, where they will act as consultants for the establishment of an insurance broking subsidiary.

"I've been with the firm 25 years, so I've been through absolute agonies," Stoddart told me yesterday. "But London insurance broking firms are becoming to large and impersonal," adding pointedly: "The Americans are aware of my views."

Legal shuffle

The latest round of judicial promotions has given rise to some intriguing courtroom speculation, says my man with his ear to the bench. Involved are Lord Justice Bridge, who is to go to the House of Lords, and Mr. Justice Griffiths, elevated to the Court of Appeal.

Lord Justice Bridge recently made a brave showing in the race for the job of Lord Chief Justice, only to be pipped by Lord Lane. Could there be an element of compensation in his new posting as a Law Lord?

As for Mr. Justice Griffiths, he has been tipped as a possible future Master of the Rolls when Lord Denning—"I have all the Christian virtues except resignation"—eventually decides to hang up his wig. Are we, perhaps, seeing Griffiths being groomed for stardom, and Denning being given another hint that it's time he made way for a younger men?

African Thatcher

Frozen out by Government ministers and officials, Angola's would-be president, Dr. Jonas Savimbi, thawed visibly under the blandishments offered at a true-blue soirée in the Carlton Club the other night. He warmed particularly to the praise of Edward du Cann, who hailed him as "a great champion of freedom," and the bewhiskered guerilla leader seemed not at all discomfited by the supreme accolade when his host declared him: "the Mrs. Thatcher of Angola."

Despite du Cann's fulsome welcome, however, and Savimbi's own claim to control over two-thirds of the oil and tory, Britain, along with most mineral-rich West African territory of the rest of the world, still recognises the Soviet-backed MPLA authorities in Luanda as the true government of the former Portuguese colony.

So after a two-day visit to London, during which he was ostentatiously excluded from top political contacts, he must have been relieved to find some allies prepared to cock a sympathetic ear to his message on the need to fight communism and maintain a bulwark against the spread of Soviet influence in Southern Africa.

The ear of du Cann, chairman of the Tories' 1922 Committee and a leading member of the Lonrho board, is, of course, finely tuned to receive such messages. And Lonrho in the past has shown itself willing to help democracy's champions in the Dark Continent, giving aid which included the loan of an executive jet to Savimbi during the run-up to independence five years ago. All of which raised the question in my mind of who ultimately footed the bill for the Carlton party. Polite guest that I am, however, I did not press the issue.

"That explains why Maggie is so keen to hold ours back"

Rural rumblings

Increasingly deprived of buses, schools, village shops and other essential services, our country dwellers are agitating again over cuts which threaten to sever yet one more link between them and the world outside. Rural newsagents are now refusing to handle "unprofitable" deliveries to out-lying farms. So serious has this deprivation become that the National Farmers' Union has taken it up with the Newspaper Proprietors' Association.

Sympathetic vets, salesmen and milk tanker drivers have been playing their part and acting as part-time paper boys. But this goodwill service is too fragmented and unreliable for the chairman of the union's information committee, Bob Saunders. He wants national action to restore what he calls an "amenity which adds to the quality of life."

"The majority of farmers take a daily newspaper," the NFU tells me, "and the NPA has various schemes to aid deliveries in rural areas. We would like to know, for example, what happened to the Post Office pilot scheme where papers were delivered with the mail."

So would NFU president Richard Butler, who, having noted the increasing bucolic rumblings, confides that even he has been cut off by his local newsagent.

Industrial Spirits

Since cheap imports from the Far East are blamed for nearly every British business malaise, is it unreasonable for me to suggest that we might consider importing the cure from the same quarter?

Prospering businessmen in Hong Kong swear by their *fung shui* experts who are paid handsomely to keep evil spirits at bay. Literally "wind and water," *fung shui* is an ancient Chinese concept based on the belief that every piece and every time has an allocation of cosmic forces which influence people and events for good or ill.

The rituals are heeded so conscientiously in Hong Kong that even Western-based companies consult the cosmic "experts" Dow Chemicals, for example, recently paid a *fung shui* man $500 to select a proper ground-breaking date for a new plant. As managing director David Da Silva observes: "There are too many stories about companies with bad *fung shui* going broke to ignore it."

Bad taste

From a Lincolnshire local paper: "Mrs. ——— said while the old-style comic postcard was acceptable, some of those now on sale were obscene and would revolt any decent-minded person. She had sent 20 of the worst examples to her MP."

Observer

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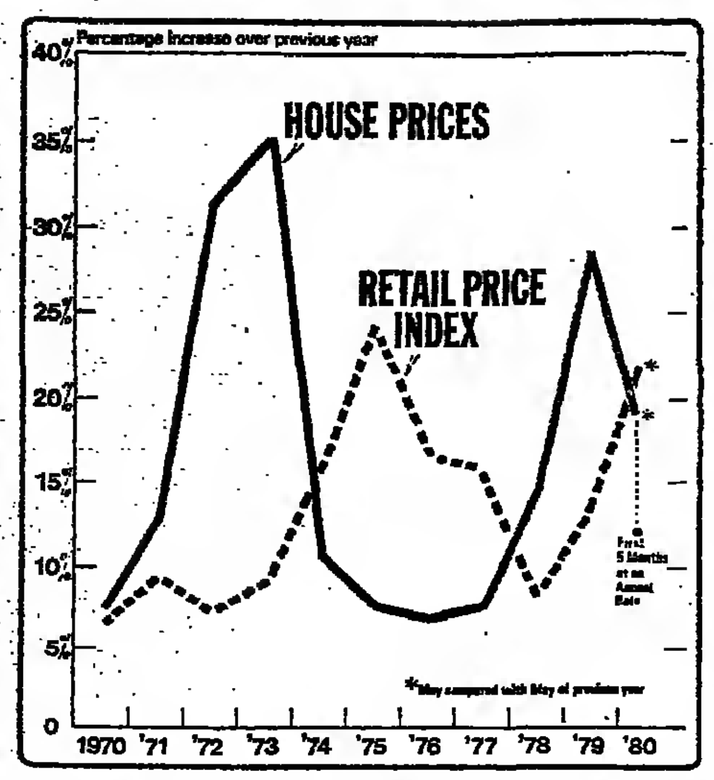
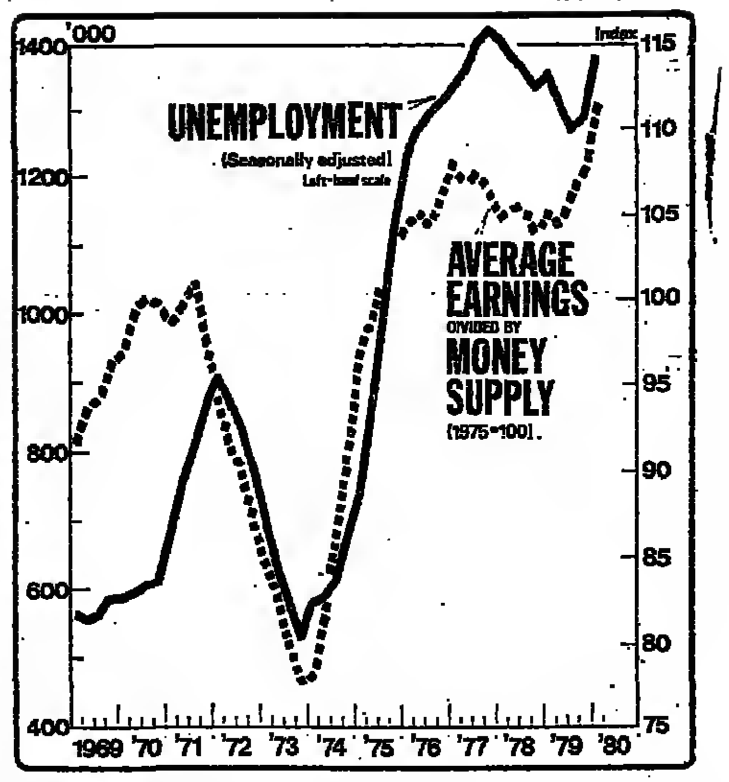
ECONOMIC VIEWPOINT

A song in Whitehall





DESPITE the unseasonal wet and cold, some of the people most closely concerned with British government economic policy can be heard singing in the bath. This very fact will drive some industrialists, struggling with recession and a strong pound, to further paroxysms of fury: and it is noticeable that the Bank of England does not entirely join in the celebrations.

The main reason for the rejoicings at the Whitehall end of town is that inflation is coming down further and faster than most mainstream officials and forecasters thought possible even a few weeks ago. The sooner that inflation comes down, the sooner pay rises will decelerate: and the sooner the latter happens, the sooner one can hope for a turnabout in unemployment.

Exponents of the conventional wage-push, cost-plus view of the world are at a loss to explain what is happening. All sorts of prices not directly connected with the wage round have changed direction radically. Spot oil prices have fallen, and petrol prices are being lowered only a few weeks after their last increase. Materials and fuels produced by industry cost less in June than in April. The early summer sales at knockdown prices in the High Street may be a business sign that "trade is bad," but for the customer it is good.

The attention of the Cabinet at its economic teach-in a week ago was particularly directed to house prices. These are closely related, in magnified form both to the money supply (and may provide a good guide to the money supply when the monetary figures are hopelessly confused by technical distortions) and to the increase in the Retail Price Index in a year or two's time. The increase in the Building Society's index of all house prices at mortgage completion stage reached a high for the present cycle of 28½ per cent in 1979. The year-on-year rate of increase was down to 19 per cent this May; and the annualised rate of increase in the first five months of 1980 works out at 12 per cent.

There is also a good deal of more informal evidence of firms and people pricing themselves into work. Even pop record-making companies are considering using price cuts to boost faltering sales. More seriously, wage settlements are being made in single figures in parts of the hard-pressed Midlands without waiting for the turnaround in the RPI or a lead from the TUC.

The year-on-year rise in the RPI reached a peak of 21.9 per cent in May — horrendous enough, but not the 23 per cent that some headlines had led us to expect. It should fall to around 21 per cent in the June figure to be published tomorrow week. By July, when the VAT increases are out of the calculation, the rise should be down to 17 or 18 per cent. After that the pace of reduction could fall. The Chancellor is being advised to expect perhaps 16½ per cent by the end of the year. My own guess is more like 15 per cent.

The inflation profile for 1981 leaves more to the imagination. But the Budget forecast of 13½ per cent by the second quarter of next year no longer looks like wishful thinking and single figures will be in sight by the end of 1981—this last guess being entirely my own. Of course if there is something like a Saudi Arabian revolution all bets are off; but anyone who makes an unqualified forecast is a fool.

The reason for the unexpectedly rapid progress on the inflation front is that the monetary squeeze is much sharper than any government would have dared to plan consciously. The argument between proponents of Professor Milton Friedman's gradualism and Professor Hayek's immediacy has been settled by events, which have brought about something between the two.

Because of the rebound from past pay policies, and the delay in securing credibility for the Government's monetary objectives, earnings have been rising up to now by over 20 per cent per annum (if we believe the index). This has put direct pressure on profit margins, and together with other price increases, has squeezed the real money supply harder than the Government originally intended.

In addition, the bigger than expected overseas demand for sterling has led to a high exchange rate, which has intensified the pressures on profit margins and made it increasingly difficult to increase prices. As monetary policy acts in an open economy to a large extent through the exchange rate, the rise in sterling has been equivalent in its effect to an extra tightening of the monetary guidelines.

Moreover, signs are multiplying that the strong real exchange rate—that is the sterling rate corrected for international inflation divergences—is not just the result of high UK interest rates, but reflects an oil premium (the effect of North Sea oil on the exchange rate) with which UK industry will have to live. It is notable that sterling rose in response to signs of lower inflation and speculation about falling interest rates.

The James Capel Review suggests that the "intuitive optimism" behind last week's reduction in the Minimum Lending Rate will be seen to be justified in the autumn when the distortions of the corset have disappeared.

The present optimistic mood will be rudely interrupted when this month's employment statistics are published on July 22. The peak influx of school leavers together with normal seasonal movements will be sufficient to take the headline unemployment figure from 1.66m to 1.8m and it could be higher still. Senior Minsters are being advised—for once correctly—that the level of pay rises is the clue to halting the upward drift in the jobless.

It is this which accounts for the new emphasis on wages and the insistence on MPs showing an example in their own salaries. Indeed the relation between pay and unemployment was explained for anyone who was listening in the middle of the Prime Minister's statement on the Boyle recommendations.

The relationship, spelled out in the chart at the top of the article was revealed to the Cabinet a week ago today. The moral is simple. When earnings rise faster than the money supply, people are priced out of work and unemployment rises. When earnings rise more slowly unemployment falls. The unemployment peak of the winter of 1971-2 reflected the wage explosion at the end of the first Wilson Government and the beginning of the Heath one. The unemployment peak of 1977 reflected both the post-Heath wage explosion and the monetary clampdown of the Healey period. The subsequent recovery reflected first the initial success of the Healey pay policies and the subsequent loosening of monetary policy.

There is, however, more in the relation than meets the eye. Why are earnings divided by the money supply rather than the price level? The ratio plotted can be regarded as the quotient of two other ratios. These are earnings divided by prices and prices divided by the money supply. The first of these of course, represents real wages (before tax). For a given level of labour productivity it shows the extent to which workers are pricing themselves into or out of jobs. This is about the most important factor on the supply side.

The second ratio shows the real value of the money supply and is a good shorthand indicator of what is happening to real demand. Thus the two together combine in an ingenious way both the demand and supply forces behind the movements in unemployment.

This might suggest that unemployment can be alleviated by boosting the money supply or by pay restraint. The first route, however, is completely deceptive. The Government and Bank of England can control only the nominal money supply. The stimulus to business and employment lasts only during the lag until the additional money works its way into the price level.

The lag would be much shorter today than in the Heath boom of 1972-73. Financial and labour markets are now far more sensitive to monetary policy. A monetary boost would be reflected far more quickly in the exchange rate, asset prices and the cost of living. Moreover, if people react to inflationary fears by increases in precautionary saving, there may not be even a temporary boost to real demand. In that case, abandoning the monetary objective would leave the UK with a higher rate of inflation embedded in the economy with less than nothing to show in terms of higher employment.

Thus the only sustainable approach is on the pay side, or if one wants to be pious, pay and productivity. By far the best way to secure pay restraint in the private sector is the combination of labour market pressures and belief in lower inflation. There are many signs that these forces are beginning to work.

The well-known trouble with the public services is that their products are not sold in a competitive market. The Government has to determine the demand side by the cash limits laid down for public expenditure. For obvious reasons it would like to base its cash limits on the monetary target of 7 to 11 per cent. It is no accident that the 9.6 per cent figure for the MPs' pay rise is within this range and just in single figures. The present intention is to wait to the last possible moment for setting public sector cash limits to give time for the rate of inflation to come down as low as possible.

A chart such as the top one in this article is inevitably very broad brush. It cannot show the changes in relative as distinct from average earnings required to price people into jobs and to cope with structural shifts such as the movement out of manufacturing. A labour market does exist for public sector employees; and the cash limits when set ought to be seen as a wage bill rather than a wage norm, both for the sake of employment and to avoid set-piece confrontations. Hence, too, the importance of abolishing Clegg and reducing the influence of Civil Service Pay Research, which stand in the way of market adjustments.

Samuel Brittan

Letters to the Editor

Bogey of Sunday trading

From the Deputy General Secretory, Union of Shop Distributive and Allied Workers

Sir,—The director of the National Consumer Council (July 1) attempts to pour scorn on Mr. Tom Torney, the Union of Shop Distibutive and Allied Workers MP, for what he describes as "the bogey of shop assistants being forced to give up their leisure and work on Sundays."

Mr. Mitchell suggests that there are other laws preventing shop assistants from working excessive hours. I would point out to him that there are also laws provided under the Wages Council Act protecting workers in respect of wages, that is statutory minimum rates.

These laws lay down what are considered by many people to be very low statutory minimum rates of pay and these are designed to meet the requirements of the less efficient and smaller retailer, and yet we find that the few retail entrepreneurs who are using every trick possible to flout the Sunday trading laws (thank goodness there are only a very few) are actually paying many of the staff no more than the statutory minimum rates. So much for progress in the 1980s.

Mr. Mitchell should also face up to the fact that this is the seventh attempt to introduce legislation to provide for a free-for-all in retail trading. The last occasion was in the House of Lords, when much of the argument was based on giving greater opportunity to the booming tourist trade.

We were told on that occasion tourists were very anxious to shop in Britain's food and butchers' shops. This position apparently has now been altered because, according to an assessment by one of the biggest estate agents in London, about 40 per cent of their tenants have not yet made their quarter-rent payment due by the end of June, and they suggest that part of the difficulties which their tenants are having to face has been the tremendous reduction in business as a result of a dramatic fall-off in tourists coming to Britain and the West End shops because of the strong pound.

I am assuming that this is why the argument on this occasion is now being switched from the tourist to the British consumer. In effect, each new attempt brings up a new synthetic argument to justify the introduction of a free-for-all, seven-day trading week.

The licensing trade in Scotland adjusted opening hours in order, we are told, to bring the Scottish scene into line with practice in England and Wales. On statistics available, this does not appear to have led to an upsurge in alcoholism in Scotland, or indeed to excessive Sunday or mid-afternoon drinking. But what has happened is that prices were increased in the peak periods because of increased overheads as a result of extended hours—precisely the arguments being advanced by those of us who seek to protect the consumer in this debate as well as the retail worker.

John Flood,
USDAW,
188 Wilmslow Road,
Fallowfield, Manchester.

Local authority grants

From Mr. T. Travers.

Sir,—Dr. David King (July 7) does Robin Pauley considerable injustice. The Government is currently introducing a "block grant" to replace two of the major components of the existing rate support grant. It is doing this because one of the components (the resources element) ties grant paid directly to the rate poundage charged by an authority, while the other (the needs element) is calculated using statistical techniques which indirectly relate one year's grant receipts to previous years' expenditure patterns. It is argued that directly or indirectly, authorities can pre-empt extra grant simply by spending more. In addition, the present grant system is incomprehensible and unstable because of manipulation by central government.

Block grant is intended to improve the RSG. As the proposed system has emerged from Parliamentary Committee and official working groups, none of the original problems of needs and resources elements will be solved. The whole of block grant will depend on what authorities decide to spend in the same way that resources element does currently, though with two important differences. Block grant will be roughly three times bigger than resources element and secondly, the Government will be able to discourage decisions to spend too high by controlling the rate poundages charged. This means that for most authorities there will be either as much or greater encouragement to spend as in the present system: more spending will still increase grant receipts.

All attempts at comprehensibility have foundered. The complexity of the existing arrangements is to be retained, with new elaboration added. The scope for manipulation of local decisions by Whitehall will, even according to the Government's own local government leaders, be increased.

Robin Pauley's article (June 30) accurately reflected the growing belief among officials and elected members that block grant cannot make any of the improvements claimed for it.

Tony Travers,
North East London Polytechnic,
Romford Road, E15.

Backing their judgment

From the Deputy Director-General, Confederation of British Industry

Sir,—In his letter (July 7) Mr. Moss criticises the Confederation of British Industry and all companies who use head hunters—or intermediaries as he calls them. Mr. Moss clearly does not understand the role of the head-hunter, which is to search and find the right candidates and to submit a short list from which the client can select. This is precisely what will happen in the case of the CBI. It is naive in the extreme to suggest that a firm of head-hunters is being made responsible for the ultimate selection of a director-general of the CBI.

Edward James,
CBI, Centre Point,
103, *New Oxford Street, WC1.*

Definition of 'provisions'

From the Deputy Chairman, United City Merchants.

Sir, — Mr. Matthews (July 2) correctly quotes the wording of the Companies Acts, but the section he quotes relating to "diminution in assets" clearly relates to what are really provisions, and I was arguing that the "general provision" is a reserve whose movements should be disclosed. I am well aware of the wording in the Act. In any case I believe he agrees with this view.

As to the exemption from disclosure of the movements in provisions, of course movements relating to true diminution are within the exemption, but all other movements should be disclosed; yet seldom are. It is in any case the view of some authorities that "assets" in the context quoted by Mr. Matthews relates specifically to fixed assets.

The subject is somewhat wider than bad and doubtful debts. Accounts are as good an estimate as one can make. Provisions are set aside for a number of purposes with this aim in mind. The Jenkins report was quite clear on what was the intention. It is also interesting that the reserve has lost favour in accounting terms and we tend to refer to what we would at one time unhesitatingly have called reserves as provisions. The full definitions in the Companies Acts are quite clear. As a director as well as an accountant, I agree with Mr. Matthews that they should be read carefully.

R. S. Waldron.
United City Merchants,
3-5, Swallow Place,
Princes Street, W1.

Non-tariff barriers

From the Director General, Federation of Manufacturers of Construction Equipment and Cranes

Sir, — The problem facing UK manufacturers of lifting equipment results from the nature of our safety legislation which, uniquely in Europe, does not consist of specific detailed regulations with an official acceptance procedure to enforce compliance, but simply imposes a general duty, under Section 6 of the Health and Safety at Work Act, to design and supply safe equipment.

British companies seeking to export lifting equipment to other EEC markets have to submit their design to approval organisations before their products are allowed to be imported. It is usually a requirement that the equipment has to comply with national standards of the importing country and calculations have to be provided to demonstrate conformity. There are thus "non tariff barriers," set up in the name of safety, which can be used to impose delays, design changes and extra cost on the would-be UK exporter.

In the case of a foreign manufacturer importing lifting equipment into the UK there is no such approval requirement and any equipment to any standard, can be imported without hindrance and set to work. The fact that the health and safety at work legislation applies to such imported equipment does not ensure that it is to the high standards of design and safety which have evolved in the UK, because no official will necessarily examine the equipment unless there is an accident involving its use. The UK legislation achieves its purpose by placing an obligation on the manufacturer, and on his designer, which is backed up by the executive's specialist officials who provide a great deal of consultation and detailed interpretation. There is an ultimate sanction in the threat of criminal proceedings against companies, their executives and even designers. This process results in standards of design, manufacturing quality, testing and safety, which are amongst the highest in the world and which are codified, but only partially, in British standards and codes of practice.

The position, however, of a manufacturer in, say, Eastern Europe or the Far East, who is exporting to the UK, is that he does not have the dialogue with our Health and Safety Executive, he is not obligated to comply with British standards and codes of practice and he is not under threat of proceedings under UK criminal law. It appears that the Section 6 obligations devolve via the importing agent upon the eventual user in such a case but, as the latter is not skilled in the design of lifting appliances, this would not seem to provide a watertight safeguard. The fact that someone may have to be injured or killed before the Health and Safety Executive is called to examine an unsafe appliance and prohibit its use appears a weakness in legislation which, in the case of UK manufactured equipment, is highly effective.

Less attention is drawn to this anomalous position than one might expect because most imported lifting equipment is reasonably safe and because it is a statistical fact that nearly all accidents are due to human error rather than equipment failure. The deep concern of UK manufacturers centres upon an unfair trading situation in which the UK has no barriers to imports of lifting equipment whereas UK exports to Europe face highly effective obstacles. The health and safety legislation was not devised as a technical barrier and no criticism can be levelled at the executive for not doing something which was never its job. We should not be surprised however when British manufacturers express the wish that it should operate on the Continental pattern with which they have to grapple in their export markets.

Dialogue between industry and Government has not made any progress in the area of non-tariff barriers and has revealed a vague and unjustified optimism in Government that the European barriers will be removed. We can observe no indications that this will happen and recently new barriers have been created in France. Official EEC policy seeks to harmonise the regulations, so that all member countries would eventually require equipment to comply with the same detailed regulations but this solution is incompatible with the UK system which does not use detailed regulations and has no acceptance procedure.

In the grim trading conditions now facing the UK crane and lifting equipment industry, manufacturers would like to see rules which favour the home side but if that is politically unacceptable they should surely at least be the same for everyone.

P. S. Lane.
Federation of Manufacturers of Construction Equipment and Cranes,
8, St. Bridge Street, EC4.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, speaks at Society of Local Authority Chief Executives' annual conference, Edinburgh.

Mr. James Prior, Employment Secretary, opens new phosphate plant, Ann Street, Widnes.

National Union of Mineworkers' annual conference continues, Eastbourne (to July 11).

Industrial Tribunal resumes on Leyland foremen dismissed after allowing workers to sleep on night shift, Birmingham.

Prince Philip inducted as President of Honour at start of British Dental Association centenary convention, Royal Festival Hall, London.

London Chamber of Commerce conference on energy resources planning in Africa.

Prince Charles attends Farmers' Company meeting, Skinners' Hall, London.

Kent Agricultural Show opens, Maidstone (to July 12).

International Showjumping, Hickstead, West Sussex (to July 13).

Overseas: President Jimmy Carter meets Chairman Hua Guofeng, the Chinese leader, in Tokyo.

European Parliament hears Commission's ideas on the preliminary draft budget for 1981, Strasbourg.

President Valery Giscard d'Estaing of France on official visit to Bonn.

PARLIAMENTARY BUSINESS

House of Commons: Opposition motion on decline in manufacturing industry.

House of Lords: Health Services Bill, committee.

COMPANY MEETINGS

Atkins Bros. (Hosiery), The Old Cottages, Lower Bond Street, Hinckley, 12. Capper Neill, Piccadilly Hotel, Manchester, 11.30. Doranakande Rubber Estates, 1-4 Great Tower Street, EC, 12. Fidelity Radio, Cunard International Hotel, 1 Shortlands, W, 11. Morgan Crucible, Cafe Royal, 66 Regent Street, W, 10.30. J. N. Nichols (Vimto), Ledson Road, Wynthenshawe, Manchester, 11. United Engineering, Midland Hotel, Manchester, 12.

COMPANY RESULTS

Final dividends: Braithwaite Engineers. Daejan Holdings. Philip Harris Holdings. Howden Group. Mitchell Somers. Oil and Associated Investment Trust. Ratners (Jewellers). United Gas Industries. Interim dividends: Imperial Group. Sotheby Parke Bernet Group. Tribune Investment Trust. Watson and Philip.

UK COMPANY NEWS

ISSUE NEWS

MEPC to issue $30m convertible Eurobond

MEPC will offer through its wholly owned subsidiary Metropolitan Estate and Property International NV, a $30m eurobond convertible into MEPC ordinary shares, the property group announced last night.

MEPC, the second largest listed UK property company, with property assets of £643m, explained that the proceeds of the issue will be used primarily to finance further expansion in the U.S. and also to refinance existing dollar debt.

The bonds will have a maturity of 15½ years, will be guaranteed by MEPC and carry a coupon of 8½ per cent per annum: they will be convertible on or after February 1, 1981 until December 15, 1995. The conversion premium is to be fixed at time of offering: it is expected to be 10 per cent above the price of MEPC Limited's shares prevailing at that time.

Interest will be paid annually in arrears on January 15 in each year, the first payment being made in 1981.

The terms of the issue provide for optional redemption by the issuer from January 15, 1985 until January 15, 1990, at a premium of 105 per cent in 1985 declining by 1 per cent annually thereafter, provided that the market price of MEPC Limited's shares has been at least 150 per cent of the conversion price for 30 days. From January 15, 1990 the bonds may be redeemed at par without restriction. Application is being made to the Stock Exchange in London for a listing of the bonds.

The issue is co-lead managed by Morgan Grenfell and Co. and Kuwait International Investment Co., and co-managed by Banque Bruxelles Lambert SA, the Industrial Bank of Kuwait KSC, Morgan Stanley International, Pierson, Heldring and Pierson NV, S. G. Warburg and Co. and Wardley Limited.

SUNDERLAND AND SOUTH SHIELDS

The average tender price in the offer for sale of £3m 9½ per cent preference stock by the Sunderland and South Shields Water Company was £102.497.

The issue attracted applications for £9.15m of stock and the lowest price to receive a partial allotment was £102.31. Dealings begin today.

EQUITY CONSORT

Taxable revenue of Equity Consort Investment Trust rose in the year to April 30, 1980, from £481,362 to £564,823.

The tax charge was up slightly at £173,649 (£170,250) and gross earnings per £1 share are given as 12.61p, against 11.15p.

A final dividend of 8.65p (7.75p) makes a total of 12.25p gross (10.75p).

Bulmer 27% ahead at £3.3m

WITH TURNOVER rising by 23 per cent to £49.52m, pre-tax profit of H. P. Bulmer Holdings advanced 27 per cent to £3.28m in the year ended April 25, 1980.

Mr. Peter Prior, chairman, says cider sales in the first two months of the new financial year "have not been up to expectations" but "I shall be disappointed if we do not show a further improvement in our results in 1980-81."

At halfway, when pre-tax profit was up from £1.93m to £2.3m, the directors expected full year results to show a worthwhile improvement but they did not expect to reach the record £3.89m of 1976-77, the last year before the full effect of the cider duty was felt.

The chairman now reports that the second half showed an accelerated rate of improvement with sales rising by 26 per cent with pre-tax profit up 53 per cent.

Group trading profit in the year rose by 34 per cent to £5.25m while interest payable almost doubled from £1.11m to £2.03m.

Earnings per share are said to be up from 20.13p to 24.56p and a final dividend up from 2.701p to 3.22p takes the total for the year up from 7.659p to 8.54p.

The main reasons for the increase in interest charges were the higher level of borrowings in the first half, mainly to fund the previous year's record apple crop, and the much higher level of UK interest rates, particularly in the second half.

"However, as I predicted at the interim stage, the rate of increase in group interest charges in the second half year (67 per cent) was less severe than in the first half year, during which they had been more than double those of the first half of 1978-79," says Mr. Prior.

While keeping to the original capital expenditure programme of £3.4m for 1979-80, the group has been able to contain the level of group borrowings at April 1980 to only £8.1m compared with £7.5m a year earlier.

The group remains in a strong financial position with net borrowings at April 1980 representing 33 per cent of shareholders' funds, the same ratio as at April 1979.

In April this year Red Stripe premium lager was added to the range of drinks and in May selling and distributing "7-up" in litre bottles began. Bulmer will also be bottling this product later this year.

The encouraging trend shown by the Australian subsidiary reported last year continued, and in 1979-80 cider and apple juice sales volume increased by 23 per cent. In Australian dollar terms trading profit increased by 15 per cent, but due to the strength of the pound, this improvement was only 3 per cent in sterling terms.

	Year ended 1980 £000	1979 £000
Cider, pectin sales	47,438	38,828
Wines and spirits	2,079	1,557
Total sales*	49,517	40,385
Cider, pectin profit	4,902	3,693
Wines and spirits	316	147
Property	36	80
Trading profits	5,254	3,920
Interest payable	2,034	1,105
Except. credit	232	†137
Emp. profit sharing	172	104
Profit before tax	3,278	2,570
Tax	604	364
Net profit	2,674	2,206
Exchange losses	55	‡26
Extraord. credit	28	45
Attributable	2,647	2,277
Pref. dividends	129	128
Ord. dividends	884	790
Retained	1,634	1,359

* Excluding excise duty and VAT. † Debit. ‡ Gains.

The U.S. cider subsidiary reduced the previous year's trading loss of £100,000 to £11,000. "We are now selling the Strongbow and Woodpecker brands in 15 American states and we hope to move into profit in the coming year."

The value of exports increased by 33 per cent to £2.6m. The volume of export cider sales increased despite the fact that Nigeria, which was the group's largest export market, continues to impose a total embargo on the import of cider.

● comment

Bulmer's 27 per cent pre-tax rise is a respectable showing, but with a fully taxed p/e of 13.9 and a yield of 6.3 per cent at 196p, few investors are likely to feel desperate to rush out and buy shares. The company, although making serious efforts at diversifying, remains largely a one-product organisation. Bulmer claims a 60 per cent share of the UK cider market, but last year sales volume grew by just 2 per cent and so far this year there has been no such growth. Finance charges have risen by 84 per cent on the year and interest now eats up almost 40 per cent of the trading profit. The trading loss in the group's cider subsidiary in the U.S. has been reduced, not eliminated. Nevertheless, there are encouraging signs at home such as the development of new agencies for major brands such as Perrier, 7 Up, Red Stripe and assorted wines. The group's wine business in particular shows scope for further growth. Depending on the future path of interest rates and the retail trade, Bulmer could be heading upward from last year's £3.3m pre-tax. The chances of surpassing its 1977 high of £3.9m, however, are slim.

HIGHLIGHTS

The Lex column looks at the French chemical industry where a major deal was announced yesterday. **Rhone Poulenc** is selling most of its heavy chemical interests to **Elf-Aquitaine.** Meanwhile British property group **MEPC** is raising $30m by a convertible bond issue to help finance expansion in the U.S. The formal documents have been released in connection with the proposals to reorganise the structure of **News International.** Finally Lex considers the fluctuations in the gilt-edged market yesterday which will lead to buying of the Government's new tap stock this morning.

Downing holds £1.9m

Taxable profits of **G. H. Downing** recovered strongly in the second six months of 1979/80 after a £300,000 fall to £750,000 at midyear.

For the 12 months to March 31, 1980, the surplus emerged £36,000 lower at £1.9m.

Turnover of the group, whose main activities include manufacturing clay products, refractories and roadstone aggregates as well as electrical power engineering, rose from £14.24m to £16.85m.

Earnings per 50p share are given as 18.7p (28.8p). A final dividend of 6p (5p), makes the total 8.75p net (7.75p).

After tax of £765,000 (£195,000), attributable profit was down from £1.74m to £1.13m.

● comment

G. H. Downing has produced some big volume gains in the dominant building products division although the benefits are masked by a £300,000 decline in the trading contribution of the Dutch subsidiary. The new plants at Chesterton and Keele have made up for much of the group's previous inability to meet demand and facing brick deliveries are up by 26 per cent and raised clay tile volume by over a tenth. To an extent, this reflects almost perfect winter working conditions for the building industry but the sales performance nevertheless compares with a dull national delivery picture. Downing puts this down to price competitiveness—its list prices for facing bricks apparently undercut the competition by as much as a fifth and by about a quarter in clay tiles. It has been able to sell all the output of the new plant and is talking about full production and stable stock levels so far in the current year. The overall outlook must be dull although it may be worth noting that the export content of the refractories division has been pushed up from 31 per cent to 54 per cent despite adverse exchange rates. Capital spending will be trimmed to well below £1m this year and the balance sheet looks healthy enough with gearing of just over 20 per cent. The ratios, too, are not overtaxing. At 113p, up 3p, the yield is 11.7 per cent and the fully taxed p/e is 7.1. In normal circumstances, that might signal buy but much depends on the group's ability to increase market share. If the list price differential can be maintained, the portents are rather good.

Derritron plunges into loss and omits final dividend

AN EXCEPTIONAL debit of £451,000 has left **Derritron**, electronics manufacturer and distributor, with a pre-tax deficit of £117,161 for 1979 compared with profits of £702,611.

The final dividend is omitted, and the interim of 0.5746p already paid represents the total, against 0.811p in 1978. The directors are planning an increase in share capital to enable a rights issue of one-for-two at 13p.

Midway taxable profits were down £158,000 at £142,000, because of a delay in obtaining export licences for certain large orders. In November, 1979 the directors stated that a strong recovery had been made in the second half, but later announced that the write-off of major exceptional items meant the outcome for the year was likely to be close to a break-even position. They were of the opinion that 1980 would see a significant recovery in profitability.

The loss this time includes sharply increased interest charges of £257,880 against £66,447 and development expenditure of £246,967 (£296,883).

After a tax credit of £16,987 (£316,400 charge) and an extraordinary debit of £76,000, the loss per share is shown as 0.94p, compared with earnings of 3.12p.

Turnover rose by £3.24m to £8.14m.

● comment

Derritron achieved a trading profit of £838,000, but that was quickly wiped out by quadrupled interest charges and a £400,000 loss on an overseas seismology contract. Meanwhile, the company became tremendously cash hungry and was unable to fulfil its healthy order book. Now, with around £1m of borrowings on £1.2m shareholders' funds, the company is trying to rebuild cash resources with a one-for-two rights issue at 13p. The final dividend has been passed but the company stands a reasonable chance of returning to profit at the half-way stage this year. With the 77 per cent holding in Derritron now sold off by Sebon Trust, new management has been given the chance to restore earnings but although recovery in the current year is feasible, the company has a fair way to go.

R. Jenkins loss £67,000

A PRE-TAX loss of £67,523 for the year to March 31, 1980, against a previous £866,650 profit, is reported by **Robert Jenkins (Holdings)**, the unquoted process plant group.

At halfway the group reported a turnround from £528,000 profit to a loss of £498,000, including £180,000 termination payments.

Turnover for the year was down from £12.75m to £11.07m. There was a tax credit of £144,266 (£137,533 charge) and minorities of £24,967 (£5,374). Earnings per £1 share are given as 5.1p (51.3p).

The company says it is making a good recovery in the current year and the board expects a significant improvement in the full-term results. They are also confident that the facilities available from the group's bankers are sufficient for its current needs.

A final dividend of 14.889p (15.189p) makes an unchanged total of 21.889p.

DANAE INV.

Gross revenue of Danae Investment Trust improved from £581,009 to £6?2,232 in the year ended May 31, 1980, and pre-tax revenue was higher at £549,062 against £515,255.

A second interim dividend of 2.25p in lieu of a final, lifts the year's total from 3.5p to 3.85p.

Tax takes £170,909 (£167,578) and minorities, £102,139 against £76,361. Stated earnings per income share are 3.94p (3.87p) and net asset value per share amounts to 39.06p against 46.06p.

A. Herbert accounts qualified

THE 1979 annual accounts of Alfred Herbert, the machine tool subsidiary of the National Enterprise Board, have been qualified by Peat, Marwick, Mitchell and Company, the group's auditors.

The auditors say the accounts are prepared on the going concern basis for the remainder of the group's business "which assumption is dependent on the successful operation of the manufacturing and marketing activities retained and on the timely realisation of the businesses planned to be divested."

The group's balance sheet at December 31, 1979, shows bank overdrafts of £8.98m against the previous year's £6.02m, of which £7.49m (£5.14m) is secured. All the overdrafts are repayable in one year or less, or on demand.

Loan capital stood at £11.99m (£10.33m) comprising debenture stock 1987-92 at 7¾ per cent (secured) of £2.3m (£2.33m), secured loan from FCI of £1.5m (£3m) and £8.19m (£5m) from Herbert Limited.

Reserves and accumulated losses amounted to £9.34m against the previous year's £6.74m credit and a note to the accounts shows accumulated losses of the group at £34.66m against £36.46m.

Stock and work-in-progress is shown in the balance sheet as £31.09m compared with £39.02m.

As known, the group reported an attributable loss for 1979 of £15.9m (£7.36m) after redundancy and reorganisation costs of £10.53m (£4.05m). At December 31, arrears of the preference dividend from May 1, 1972, to October 31, 1979, amounted to £108,580 net.

The NEB is providing no further sums to aid restructuring and the group at present is attempting to sell its assets wherever possible in the most beneficial manner, Mr. P. A. Rippon, chairman, says in his report.

The NEB has confirmed, however, bonafied debts incurred by Herbert and its subsidiaries. The NEB also points out that in deciding last December not to provide further financial support, no additional or new guarantees have been given.

Meeting, de Vere Hotel, Coventry, July 31 at noon.

Lex, Back Page

Hollas Grp. moves over £2m

WITH SECOND-HALF pre-tax profits climbing from £981,000 to £1.26m, the **Hollas Group**, whose main activity is the processing and merchanting of yarns and fibres, reports figures for the full year to March 31, 1980, up from £1.54m to £2.02m. Turnover advanced £5.75m to £27.38m.

Mr. A. R. Lawson, the chairman, says he is optimistic for the company's future despite the current uncertain trading conditions. He is confident he will be able to report another impressive performance next year.

After tax down from £557,000 to £589,000, stated earnings per 5p share are considerably higher at 17.9p compared with 11.1p.

Although the final dividend is reduced from 4.25p to 4p, the total for the year is raised from 5.233p to 6p. There was an extraordinary debit this time of £234,000.

● comment

Hollas Group has defied the textile industry norm and turned in a sparkling 31 per cent growth in pre-tax profit for the year. The shares rose 7p yesterday to 83p. Importing accounted for two-thirds of profit last year and should rise to 80 per cent this year with the Threll household textiles acquisition. The company is not immune to soft consumer spending yet is optimistic based on orders for its imported garments and textiles through to next year. At worst, it feels, some of these could be postponed. The group's British factories, which shared in last year's profit surge, face less certain prospects. Financially, the big profit has enabled the company to cut its gearing somewhat and so keep interest charges at about the same level as last year. The shares yield 10.8 per cent and trade at 8.1 times fully taxed earnings.

Guthrie Corp. expects better first half

Guthrie Corporation's results for the first half to June 30, 1980 would show an improvement, but the second half was more problematical, Mr. Mark Gent, chairman, told shareholders at the rubber plantations group's annual meeting.

Forward selling policies by subsidiary Kampulan Guthrie had done much to ensure an adequately profitable second half, coupled with the recent improvement in oil prices. Based on the current sterling exchange rate, the full year result should prove satisfactory, he added.

The group's specialist capital goods businesses in North America continued to show excellent forward order books, but there had been a marked slowdown in recent weeks in sales of European, U.S. and Australian consumer products.

Profits of **Rowton Hotels** for *1980 would be below those of last* year, shareholders were warned at the group's annual meeting. The number of overseas guests had fallen and signs were not encouraging for the second half.

But, said the chairman, the group was in a strong position, owning the freeholds of all its trading properties, and with financial reserves and a keen staff with a highly competitive product to sell.

The first five months' trading in the current year had not been easy, Mr. Alan Millett, chairman, told shareholders of **Milletts Leisure Shops.** But the group was holding its *share of the* market in all areas.

The financial position was sound, and the large-scale expansion programme was making good progress. There were over 100 shops, including the eight jointly-owned Scottish shops, and the total was expected to be over 109 by the end of the year.

Although the 15 per cent increase in turnover mentioned in his annual statement had been reduced, sales were still 14 per cent *ahead of the same period* last year, Mr. B. G. Davison, chairman of **Foster Brothers Clothing** told shareholders.

He believed the group would weather the recession better than most other multiple retailers because of its very sound property base, which also gave a solid position from which to expand.

Routledge & Kegan Paul finishes lower

Taxable profits of Routledge and Kegan Paul, book publisher, declined from £267,587 to £241,492 in the year ended March 31, 1980 on turnover of £4.14m against £3.75m. Interest charges jumped from £53,868 to £101,674.

Yearly earnings are shown as 24p (27.4p) after a tax credit of £33,603 (£53,217 charge) arising from a stock relief claim. A maintained final dividend of 3.2p net makes a total of 4.7p (4.6p).

Dividends absorb £48,855 (£47,388) after waivers by the holders of 131,524 ordinary shares, leaving the retained surplus at £226,240 (£266,982).

Bond Street Fabrics back to dividends

After a lapse of a year Bond Street Fabrics has returned to the dividend list with an interim for the half-year to March 31, 1980, of 1p net.

But despite turnover showing a slight increase from £4.15m to £4.41m, the company, whose main interests are manufacture and distribution of knitted fashion fabrics and knitted outerwear, is still well in the red.

It incurred a pre-tax loss for the six months of £59,000, compared with a loss of £38,000. There was a loss for the whole of the previous year of £189,000, against a profit of £394,000.

In announcing the interim payout the directors say that while the general outlook for the textile industry remains under a cloud, the future prospects for the group show some improvement and justify grounds for long-term optimism.

The knitwear factories in Scotland made a small profit during the six months. They have a full order book until October, but profit margins continue to be disappointing.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bond Street Fabrics int.	1	Oct. 2	Nil	—	Nil
H. P. Bulmer	3.22	Sept. 8	2.7	8.54	7.66
Danae Invstmnt. 2nd int.	2.25	Aug. 26	2	3.85	3.5
Derritron	nil	—	0.26	0.58	0.81
G. H. Downing	6	Oct. 1	5	8.75	7.75
Genl. Cons. Invst. ...int.	2.25	Aug. 4	2	—§	5.53
Hollas Group	4	Oct. 1	4.25	6	5.23
M & G Dual Trust ...int.	8.5	Sept. 2	7	—‡	15.65
Moorgate Inv.	4.1	Sept. 15	2.99	6.35	4.74
Routledge & Kegan Paul	3.2	Oct. 2	3.2	4.7	4.6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of at least 9.5p forecast. § Total of not less than 5.8p expected.

Cash flows in for the exploration game

THERE IS a certain magic in the air. Like manna from heaven, rights issue money is falling through the streets of the City into the open pockets of a number of small and relatively unknown oil exploration companies, writes Alan Friedman.

In the supercharged atmosphere of the seventh round of North Sea licence applications, the series of small oil group cash calls which began in January is now reaching epidemic proportions. More than £43m has been raised by just eight independents in the past six months and an equal amount may be on call as a result of the formation of a handful of new North Sea exploration companies.

Given the normally cautious attitude of City fund managers, this phenomenon represents a type of financial free-for-all. At the Prudential, Mr. Peter Moody, joint chief investment manager, says both the rights issue business and the entire exploration business are "a bit dicey." But he adds: "If you are going to get into the exploration game, you're in for the seventh round."

Independent

The Pru has about 12 per cent of its main fund portfolio in oil, most of this in the majors. The value of these holdings approaches £250m, according to Mr. Moody. But the Pru has played an active part in taking up a number of rights issues and new issues connected with small independent oil explorers.

Says Mr. Moody: "The aim is to try and get enough interests in different blocks so that you'll definitely be in some which are successful."

Merchant banker Singer and Friedlander has piloted four separate money-raising operations in the recent past, including a £4.5m rights issue for Clyde Petroleum. Together with stockbrokers Hoare Govett, it helped Saxon Oil's debut in late May. This is a new North Sea exploration company which quickly placed its 15m shares of £1 each. Only 5p was paid, so the net value stands at £750,000.

A handful of City institutions were involved in the Saxon enterprise, including the Gartmore and Electra House investment trusts. Organisers of the placing reported that there was no problem attracting investors.

Mr. Panton Corbett of Singer stresses, however, that potential shareholders should receive a warning: "We've taken a good deal of trouble to place these shares with people who understand the risks. At the best of times, drilling holes in the North Sea is a highly speculative business."

At Electra House, which holds 20 per cent of Saxon, executive director Mr. Michael Stoddart claims the venture fulfils the basic role of the investment trust movement. "If we cannot obtain a licence in the seventh round, we will wind up Saxon and lose 5p in the pound," he says.

Institutions

This appears to be the general approach of newly created exploration companies. Because the paid-up portion of shares is relatively small, the risk is not so great. But placers seek institutions capable of meeting a call if licences are obtained and development becomes feasible.

The rights issue business is slightly more concrete. The £43.2m called for since January has been reasonably easy to attract. This is partly because of the frothy nature of secondary oil shares; some of the junior oil companies are beginning to acquire quite solid reputations on the Stock Exchange. But other companies are attracting substantial sums even though investors have relatively little to go on.

RIGHTS ISSUES SINCE JANUARY

Company	Amount	Reason	Date
Coalite	£10.9m	N. Sea consortium	early July
Carless	£9.5m	3 N. Sea consortia, onshore plus refinery investment	mid-June
Candecca	£5.8m	Onshore wells plus N. Sea consortia	mid-June
Clyde Petroleum	£4.5m	N. Sea consortium plus U.S. exploration	late April
Premier	£4.2m	1980 drilling programme plus N. Sea consortia	mid-January
Charterhall	£3.7m	N. Sea consortia	late June
Cluff	£3.2m	Block development, N. Sea consortia	late February
Edinburgh Secs.	£1.4m	N. Sea consortium	mid-March

Candecca Resources is an onshore exploration company with a 25 per cent stake in the recently confirmed Humbly Grove oil find near the A32 in Hampshire. It has been living largely off a £2.4m cash call it issued in September 1978.

Mr. David Hooker, managing director, says money has been used during the past two years to do extensive onshore research. With about 3m acres of holdings, the company is one of the largest holders of onshore exploration territory in Britain.

Last month's £5.8m Candecca cash call was designed mainly for the drilling of some 20 onshore wells during the next three years. Mr. Hooker acknowledges, however, that about £1m will be spent in joining a consortium for the seventh round.

Candecca's partner in the Humbly Grove operation is Carless, Capel and Leonard, the operator of the Hampshire field. Carless is the oldest of the new explorers and is not strictly an exploration company. Founded in 1859, it made its name in refinery activities and these still make up three quarters of the business.

But a few weeks ago, on the back of more than doubled pre-tax profits, Carless came to the market for £9.5m in rights money, of which half is to be used for onshore and North Sea exploration; the company is now in three consortia run by Gulf and BNOC.

Others are also getting in on the act. In the last two days two more oil explorers have appeared on the scene. Pentland Oil, a company backed by six British institutions, has joined a consortium led by Union Oil. Pentland's authorised share capital is £3m.

In addition, Marinex Petroleum, a 14 per cent partner in the Humbly Grove field, has announced plans to seek a listing on the Stock Exchange under Rule 163 (iii). Marinex will concentrate on the growing area of onshore exploration.

Rationale

Last week, Coalite, the solid fuels and chemicals company, went to the market for almost £11m, a sum it admitted it had no immediate need of. The rationale behind the rights issue is the need to share in financing a seventh round consortium Coalite has joined (it remains unnamed). Based on the recent success rate of other cash calls, Coalite should have little problem bringing in its required sums.

Given the highly speculative nature of the oil exploration business and the uncertainties of bidding for a limited number of North Sea blocks, the market's recent love affair with secondary oil shares may be somewhat overdone. Stockbrokers Wood Mackenzie said as much in a recent report which showed a number of such shares to be trading way above a realistic asset value per share.

But Mr. Tony Mackintosh of recent spate of oil rights issues as justifiable "hope money." "The traditional use of rights money is to correct balance sheets, but these companies are raising genuine risk capital and that's what the market is there for."

He adds that the large discounts in some cash calls may reflect company views that some of their shares may be overvalued.

But, notes Mr. Mackintosh, people are "presumably going into these money-raising ventures with their eyes open. There is nothing wrong with that."

Mr. Rupert Lascelles, finance director of Premier Consolidated, agrees with this view. Premier started 1980 with a £4.2m rights issue to fund its own programme of drilling 26-30 wells this year and to help pay for a 12.5 per cent stake in the Esso consortium. This was the third rights issue for Premier since 1973, bringing the total money raised to £7.4m.

Mr. Lascelles comments: "We could either have sold some of our LASMO shares to raise money or do it through the market. We decided it was worth holding on to the LASMO shares."

Secret

At present there appear to be at least half a dozen private prospectuses circulating around investing institutions. A number of money-raising ventures will remain secret until the conclusion of seventh-round applications. This makes it difficult to gauge the aggregate size of the issues, but most participants agree that beyond the £43.2m rights money an equal amount is being raised among new companies.

It remains a risky business and the caveats to oil exploration seem to outweigh even the heady rewards at times. But there is every reason to suspect that the manna will keep on falling.

Carless warns of harder year for refinery side

A year of more difficult trading for the refinery division was predicted yesterday by Mr. John Leonard, chairman of Carless Capel and Leonard. He told shareholders at the annual meeting that the current recession is "biting deeper and harder throughout industry in general and the chemical industry in particular."

"In common with other manufacturers, our sales volumes are lower than originally expected," he said. However, Mr. Leonard expected trading profits to be sufficient to maintain the level of dividend on the enlarged share capital as forecast in the recent rights issue circular.

Although year-end profits would not contain the sizeable stock profits of last year, Carless' earnings will be Carless's earnings will be anounced £1.4m surplus realised on the sale of a trade investment in Strata Oil.

Last year Carless more than doubled pre-tax profits to £6.3m against £3.69m in 1978-79.

Australian Bight project attracts the oil majors

BY STEPHEN THOMPSON

AMERICA'S Occidental Petroleum is to lead a consortium of six companies in a A$15m (£7m) oil exploration programme in the Great Australian Bight off the South Australian coast.

The other members of the consortium are Outback Oil, Charter Resources Australia, OKC Petroleum International, Marion Corporation and Jettie Oil.

The consortium will carry out seismic surveys and drill at least one well in a 16-month programme starting later this year. They will drill in a 30,000 sq km area adjacent to the one granted recently to BP-BHP.

The BP-BHP permit also covers an area of around 30,000 sq km and is located about 250 km south-west of Ceduna in water depths between 200 and 2,000 metres.

The exploration programme, which is expected to take six years, includes the drilling of three wells and will cost around A$35m.

The Bight is largely unexplored although several companies, including BHP, have sunk unsuccessful wells in recent years.

* * *

Strata Oil reports that the Woodada No. 2 well located about 1.2 kilometres west of the Woodada No. 1 gas discovery in the Perth Basin of Western Australia is presently drilling ahead at a depth of 1,776 metres. Progress for the week was 1,611 metres.

Woodada No. 2, which was spudded at the end of June, is being drilled to enable further assessment of the production potential of the original Woodada discovery which flowed at a rate of 32.38m cubic feet of gas a day at a flow pressure of 1,815 psi after being stimulated with a 15 per cent hydrochloric acid solution.

Target depth of Woodada No. 2 is 2,375 metres—the level at which the initial gas flows from Woodada No. 1 were recorded.

Strata says that an extensive testing programme is planned after total depth has been reached. This should be achieved in the next week or so.

Strata has a 26.95 per cent interest in the Woodada project. Hughes and Hughes of Texas control 65 per cent with the remaining 8.05 per cent divided between various companies and individuals.

* * *

Negotiations involving a "major U.S. oil company" are being held to finance the possible development of the Alpha oil-shale leases in North Queensland, reports James Forth from Sydney.

The talks were revealed at a meeting called to transfer the Alpha leases to Greenvale Mining and Esperance Minerals to Alpha Resources (until recently known as Craigmoor Wines).

Greenvale and Esperance maintain effective control through a 72 per cent shareholding in Alpha Resources.

Mr. Leslie White, joint chairman of Greenvale and Esperance, said that the talks were being held with the U.S. oil company and that a parcel of 100 kilogrammes of Alpha oil-shale had been flown to America for test retorting.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	64	—	73	—	88	10	359p
BP	360	12	—	60	22	48	3	"
BP	390	4	1	20	6	34	—	"
BP	420	1	—	12	5	—	—	"
Com. Union	140	28	—	28	30	53	—	161p
Com. Union	160	5	90	14	34	19	2	"
Cons. Gold	500	65	—	85	—	103	1	552p
Cons. Gold	550	19	1	57	1	73	—	"
Cons. Gold	600	3	—	30	2	45	—	"
Courtaulds	70	17	50	21½	—	23½	—	86p
Courtaulds	80	9	11	14½	10	17	—	"
Courtaulds	90	1½	—	9	5	12½	10	"
GEC	330	116	1	128	—	142	—	445p
GEC	360	86	1	102	—	119	—	"
GEC	420	26	10	52	1	70	1	"
GEC	460	6	6	28	23	46	1	"
Grand Met.	120	47	—	49	20	55	—	166p
Grand Met.	140	27	15	31½	—	57	—	"
Grand Met.	160	8	4	12	87	25	1	"
Grand Met.	180	2	—	9	24	17	2	"
ICI	330	60	—	72	6	77	—	387p
ICI	360	30	10	42	20	55	—	"
ICI	390	8	—	22	5	37	—	"
ICI	420	1	—	10	5	—	—	"
Land Secs.	295	61	1	75	—	87	—	349p
Land Secs.	325	31	10	51	25	64	—	"
Land Secs.	353	9	10	31	135	44	—	"
Marks & Sp.	90	7½	14	13	—	16	1	96p
Marks & Sp.	100	1½	4	7	5	11½	13	"
Shell	390	27	142	44	10	60	—	410p
Shell	420	6	5	25	96	38	17	"
Totals			386		374		62	

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Boots	180	38	1	—	—	—	—	214p
Imperial Gp.	80	12	106	13½	8	17	—	89p
Imperial Gp.	90	5	22	7½	25	11½	10	"
Lonrho	90	29	1	33	—	35	—	113p
Lonrho	100	21	20	26	13	29	5	"
Lonrho	110	13	81	19	44	94	—	"
P. & O.	110	17	12	22	—	24	—	124p
P. & O.	120	10	—	15½	2	16½	6	"
P. & O.	130	6	2	9	—	17	—	"
Racal Elec.	240	37	2	47	—	58	—	269p
Racal Elec.	280	9	3	22	—	33	30	"
RTZ	390	83	—	105	10	122	—	470p
RTZ	420	55	1	80	1	102	—	"
Totals			261		101		38	

BIDS AND DEALS

RHP pays £3.1m in shares and cash for Technograph

IN A move aimed at strengthening and extending the activities of its electrical division, Ransome **Hoffmann Pollard** is paying £3.1m in shares and cash for Technograph, a manufacturer of printed and micro circuits and electric servo motors.

The acquisition of 98.328 per cent of Technograph's issued capital will be satisfied by £296,434 cash and the issue of 2,949,840 fully paid Ransome shares, all of which have been placed. Ransome has agreed to acquire the outstanding shares on the same terms up to September 1, 1980.

Technograph, which has factories at Bracknell, Berkshire, and Bordon, Hampshire, turned in pre-tax profits of £780,000 from £4.67m turnover in 1979. *This* year's profits are expected to be somewhat lower. Net tangible assets at December 31, 1979 were £2.04m.

Ransome's group chief executive, Mr. Peter Holmes, will join the board of Technograph, which will continue to operate as a separate company.

The new shares will rank pari passu in all respects with Ransome's existing shares. Application has been made to the Council of the Stock Exchange for their admission to the official list.

SERCK/ROCKWELL NO PROBE

The acquisition by **Rockwell International Corporation** of a substantial minority shareholding in Serck, is not to be referred to *the Monopolies Commission. An* offer by a Rockwell subsidiary to acquire Serck lapsed in April.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—General Funds Investment Trust, Imperial Group, Jamesons Chocolates, Sotheby Parke Bernet, Tribune Investment Trust, Watson and Philip.

Finals—Braithwaite Engineers, Dean Holdings, *Philip Harris,* Howden Group, Kinta Kellas Rubber Estates, Mitchell Somers, Oil and Associated Investment Trust, Ratners (Jewellers), Alexander Russell, United Gas Industries.

FUTURE DATES

Interims—

Cardinal Investment Trust	July 24
Macfarlane (Clansmen)	Sept. 2
Schlesinger International Fund (Jersey)	July 11
Scott (David)	July 17
Finals—	
Cowdaw Industrial	July 21
Christie-Tyler	July 17
Wellman Engineering	July 17

Yule Catto depressed 9% by strength of sterling

BY ALAN FRIEDMAN

INTERIM profits from Yule Catto, the industrial and commercial group, fell 9 per cent from £1.31m to £1.19m in the period to April 26. The company, which released this information in its formal offer for Revertex Chemicals, says that the pre-tax decline is due to the appreciation of sterling against the Malaysian dollar.

Turnover at Yule Catto increased from £8.52m to £12.35m in the six-month period. *The Board of Yule Catto* has decided to maintain the interim dividend at 0.8p net. Earnings per share meanwhile, were lower at 2.32p against 2.72p.

In his letter to Revertex shareholders, Lord Catto states that the possibility of a merger between the two groups has been considered by the boards of both companies on a number of occasions; for various reasons the previous negotiations have not been fruitful.

The current takeover bid stems from Yule's "dawn raid" on Revertex shares on April 25 when it acquired 29.5 per cent of the company. This was followed on June 25 by an announcement of Yule's intention to make an offer for all Revertex shares, a move which Revertex has resisted.

The offer values Revertex shares at around 50p and involves the *10,032,714* ordinary shares not already owned by Yule Catto. For every 50 ordinary shares of 25p in Revertex, Yule is offering nine new ordinary shares of 10p each in Yule Catto credited as fully paid plus 15 new 11¼ per cent cumulative redeemable preference shares 1998-2003 of £1 each in Yule Catto.

According to Lord Catto, the offer improves the income of Revertex shareholders by 225.6 per cent. The offer also contains a cash alternative of 40p per ordinary share, but this is conditional upon the offer becoming unconditional.

In a separate letter from the chairman to shareholders of Yule Catto, shareholders are advised to vote in favour of a resolution which must be passed if, inter alia, Yule Catto's offer for Revertex is to become or be declared unconditional.

This letter also recommends that shareholders simultaneously approve increasing authorised share capital from £2m to £6m by the creation of 3.5m 11¼ per cent preference shares of £1 each and by the creation of 5m additional ordinary shares of 10p each.

Lord Catto mentions in particular the condition relating to a joint holding by Revertex and Hoechst, the German chemical company, in Harlow Chemical. Revertex has an *agreement with Hoechst that* allows the latter to acquire, on a change of control of Revertex, the 50 per cent of Harlow-owned by Revertex. If no agreement can be reached between Yule Catto and Hoechst over Harlow, Lord Catto tells shareholders that the bidder may waive the condition related to this holding.

Slater buys Tebbitt shares

Mr. Jim Slater has bought 500,000 shares, 3.2 per cent of those issued, of Tebbitt Group, the company that is being transformed into a property investment group by its new chairman, Mr. John Bentley.

Also, the Slater Foundation has bought 200,000 Tebbitt shares, 1.3 per cent of those issued.

Henry Street Investments, one of the vendors of Signgate Properties to Tebbitt, has sold the 882,353 Tebbitt shares it received in part consideration. Henry Street is a subsidiary of Strongmead, an investment holding company controlled by Mr. Slater.

The other Signgate vendor is Mr. C. T. Bray, a former employee of Slater Walker *Securities.* Mr. Bray remains managing director of Signgate.

London Trust has acquired 900,000 shares (5.8 per cent) of Tebbitt.

POLLY PECK

The terms of the Polly Peck (Holdings) rights issue were reported incorrectly in yesterday's editions. Shareholders are being offered two new shares at 75p a share for every five held.

News Intl. expects similar

MARGINALLY lower pre-tax profits, of £12.25m, compared with £12.21m, are expected by News International, publishers of the Sun and the News of the World, for the six months ended June 30, 1980.

These figures are given in a document containing full details of the proposed reorganisation of the NIL capital and of the cash offer on behalf of News Corporation, Mr. Rupert Murdoch's master company, for 50 per cent of the new special dividend shares resulting from the proposals.

The document, which includes a letter from *Mr. Clive Carr* and Mr. Paul Hamlyn on behalf of the independent directors of NIL recommending holders to vote in favour of the plan, also estimates earnings for NIL of not less than £5.9m (£5.39m) for the 1980 first half.

News Corporation expects pre-tax profits, for the year ended June 30, 1980, to be at least A$18m (£8.8m), compared with $17.79m. Net profit, before extraordinary items, attributable to ordinary holders (including the share of profits of associates), are estimated at $24m ($21.48m).

There will also be a credit for extraordinary items, mainly comprising the surplus of $38.6m arising on the sale of the television stations NWS9 Adelaide and WIN4 Wollongong and of the group's interest in the Alwest Bauxite-Alumina project.

On prospects the directors of NIL say they are confident that the group's national newspapers will retain their position in the market although the UK economic climate may become more unfavourable in the short term. The full benefit of cover price increases will be felt in the second half, but costs are expected to rise particularly of newsprint.

Provincial newspapers may be affected by cost increases in the near future but their long-term prospects are regarded as good. Provided there is no material amount of labour unrest the directors expect the group results for the current to be satisfactory. For 1979 pre-tax profits amounted to £27.9m.

The directors of NCL point out that the profits for 1980-81 will benefit from the group's increased interest in Channel 10 Sydney and Ansett. They are confident that prospects for future growth of the group are good.

A pro-forma statement of combined assets of NIL and NCL shows total net assets of $244.05m (£119.3m) at June 30, 1980, and total borrowings of $202.93m (£99.2m). The borrowings include bank overdrafts of $38.86m, non-current bank loans $92.52m and other loans $42.65m.

Earnings attributable to ordinary shares of NIL (other than the 49.9 per cent held by NCL) represent some 34 per cent of the estimated earnings of the enlarged group. Net assets of NIL at June 30 are put at not less than £84m—of this some £42m is attributable to the publicly owned ordinary shares of NIL—representing 35 per cent of the net assets of the enlarged group.

In their letter Mr. Hamlyn and Mr. Carr say that the arguments against shares with restricted voting rights do not apply in this instance because NCL could acquire additional shares in NIL without making a general offer.

Following the reorganisation the shareholders economic interest will be related to the shares of NCL and they, therefore, feel it would be inappropriate for the new special dividend shares to carry voting rights in NIL. Because of Australian television legislation voting rights in NCL are not a practicable possibility.

The independent directors and certain investment institutions intend to vote in favour of the proposals in respect of 30.2 per cent of the ordinary shares other than those owned by NCL. The proposal requires a majority of 75 per cent of votes other than those held by NCL.

DCM d-i-y offshoot sold

The joint receivers of Dunbee-Combex-Marx, the toy group which collapsed last February, have agreed to sell the group's DIY division to a City consortium including the former management of the business.

Industrial and Commercial Finance Corporation announced yesterday that it had reached agreement in principle with Mr. P. F. M. Shewell and Mr. G. F. Cockerell, the joint receivers and managers, for the purchase of Martlet Services Group—the only part of DCM not to be put into receivership. The price was not disclosed.

ICFC will be the largest shareholder in the consortium, which includes Electra Investment Trust as a major investor as well as each director of the Martlet Board. The directors are: Mr. Basil Feldman, DCM's joint *managing director,* Mr. Peter Lewis, Mr. Stephen Fearson-Wilson, Mr. John Charlton and Mr. George Burnett.

The move to purchase Martlet follows a decision by the receivers to postpone the planned flotation of the DIY division, which last year made profits of about £1.2m.

The purchasers intend to bring the company to the market in the next two to four years. At that time preference will be given to current DCM shareholders to subscribe to such an offer.

Martlet's activites include the sale of fixing materials, cash-and-carry wholeseling of DIY products and the importing and distribution of vinyl sheeting and plastic consumer products.

SPAIN

July 9	Price %	+ or −
Banco Bilbao	224	-
Banco Central	250	
Banco Exterior	210	−2
Banco Hispano	224	−2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	277	
Banco Urquijo	151	−5
Banco Vizcaya	233	
Banco Zaragoze	208	
Dragados	79	−1
Espanola Zinc	60	
Focsa	59.2	
Gal. Preciados	232	−1.3
Hidrola	64.2	−0.5
Iberduero	61.5	+0.2
Petroleos	110	+2.3
Petroliber	87	
Sogefisa	107	
Telefonica	62	
Union Elect.	65	−1

MINING NEWS

Development to resume at Oaky Creek coal project

BY GEORGE MILLING-STANLEY

THE PARTNERS in Australia's Oaky Creek coking coal project expect full-scale development of the mine to begin in January, following the signing of export contracts with Italian, Spanish and Dutch steel producers. The contracts, for a total of 1.7m tonnes of coal per year, are worth A$1.15bn (£561m) over the next 15 years, reports **James Forth** in Sydney.

In return for commitments to buy Oaky Creek's coal, the European concerns, Finsider/Italsider of Italy, Empresa Nacional Siderurgica (Ensidesa) of Spain and Hoogovens of the Netherlands, will receive equity stakes in the Central Queensland mine.

Hoogovens takes a 9.5 per cent stake in return for a commitment to purchase 500,000 tonnes per year, Ensidesa receives 5 per cent for a similar commitment, and *Italsider takes* 7.5 *per* cent for 700,000 tonnes per year. Negotiations continue for the sale of the remaining 550,000 tonnes of the mine's expected annual output.

The other participants in the joint venture are Australia's **MIM Holdings** *(40* per cent) and **Houston Oil and Minerals** of the U.S. (38 per cent). They expect the first shipment of coal to be made in 1982.

Development is already well advanced, with the first dragline complete and a second due for completion in December. More than A$80m has already been spent on the project.

The latest agreements should help to dispel the scepticism *which* has surrounded Oaky Creek for almost two years. Houston Oil and Minerals pushed on alone with construction work in the absence of purchase commitments for the mine's output when the *only* local partner, the shipping, coal and hotel group, R. W. Miller, pulled out of the venture in January, 1979.

The one remaining problem is the attitude of the Australian Government, which earlier this year rejected a proposed partnership for *the* **Conzinc Riotinto of Australia** group's Blair Athol steaming coal venture on the grounds that it did not meet the requirement of a local equity participation of 50 per cent for new mining ventures.

The only Australian interest in Oaky Creek at present is that of MIM Holdings, which is itself almost 50 per cent-owned by **Asarco** of the U.S. Houston has indicated, however, that it might offer local equity in the operation, and the Government retains the option of waiving the 50 per cent requirement if it feels that this is in the national interest.

Go-ahead for Arctic mine

CONSTRUCTION is now under way at the most northerly mine in the world, Cominco's Polaris lead-zinc operation on Little Cornwallis Island in the Canadian High Arctic. The mine, just 90 miles from the North Pole, is expected to come into production early in 1982, reports **Robert Gibbens** in **Montreal**.

The start of full-scale construction work at Polaris this summer has been made possible by the resolution of several local problems, mainly environmental in character.

The key to the mine's potential lies in the high grades of its estimated 23m tonnes of ore, which contain an average of 14.1 per cent zinc and 4.3 per cent lead. It will rank as the eleventh largest producer of lead and zinc in the world.

Bechtel Canada, the local arm of the major San Francisco construction group Bechtel, is project manager for the C$150m (£55m) mine, and is drawing on the experience it gained 10 years ago in building the Marmorilik lead-zinc mine at the south-western tip of Greenland.

For the Marmorilik project, much of the processing equipment was assembled further south and shipped to Greenland during the summer shipping season, which is just a matter of weeks long. A much more sophisticated system *will* be used for Polaris.

This involves the construction of a 420 ft by 100 ft by 60 ft barge now being completed at a cost of C$5m in Quebec City. In mid-August this will be towed further up the St. Lawrence, where it will be docked.

During the autumn and winter, the concentrator and other processing and support equipment will be built on to the barge, and next summer it *will* be towed some 3,000 miles to Little Cornwallis Island, where it will be sunk on to a prepared base.

Crushed ore from the nearby mine will move automatically into the plant, and the mine's expected output of 200,000 tonnes of zinc and lead concentrates will be transported out by ice-strengthened bulk carriers during the summer shipping "window."

The mine camp will be built back from the shoreline, high on stilts in order to avoid damage to the permafrost. The camp will house about 250 people, and Cominco is committed to using the maximum number of Eskimo workers.

MMC TIN MINES PRODUCE MORE

Output of tin concentrates from the mines in the Malaysian **Mining Corporation** showed a modest improvement last month, rising to 1,349 tonnes compared with 1,264 tonnes in May and 1,282 tonnes in April.

The increase in production stems largely from the better *performances* at three of the major mines in the group, namely **Ayer Hitam**, **Southern Malayan** and **Malayan**; output at the last-named showed a sharp rise following the resumption of operations by the No. 3 Dredge, on June 13.

However, production is still running well behind the levels achieved at the same time last year. Only three of the mines are showing increases in output, compared with the comparative figures in the previous period.

	June tonnes	May tonnes	April tonnes
Aokam	99	145	129
Ayer Hitam	182	162	108
Berjuntai	294	297	305
Kamunting	2	8	12
Kramat	25	22	15
Kuala Kampar	24	22	28
Lower Perak	22	23	19
Malayan	249	205	229
S. Kinta Cons.	98	116	103
Sth. Malayan	183	147	168
Sungei Besi	118	117	108
Tongkah Harb.	27	45	16
Tronoh Mines	127	135	126

Of these **Malayan** produced 3,317 tonnes in the 12-month period against 3,268 tonnes the previous year, while **Kuala Lumpur**'s total production for the last two months has reached 74 tonnes compared with 63 in the same period last year.

On the minus side **Ayer Hitam** produced 1,886 tonnes over the past year against 2,291 in the previous 12 *months*, **Southern Malayan** 2,107 tonnes in the same time compared with 2,[illegible] tonnes in 1978-79 and **Tongkah Harbour** 383 tonnes against [illegible] tonnes in 1978-79.

Latest outputs are detailed in the accompanying table.

Inco sees a sharp downturn

THE accelerating economic recession has caught up with Canada's **Inco.** The world's leading producer of nickel now expects earnings for the second quarter of this year to be less than half of those for the previous three months which reached a record US$97.5m (£41m), or $1.21 per share.

Inco also expects the downturn to persist in the second half of this year. The group, which is also a major producer of copper and platinum group metals, points out that lower nickel and copper sales together with reduced copper prices and currency exchange losses have accounted for the major part of the *second quarter decline.*

The latest forecast is made with Inco's registration statement filed with the U.S. Securities and Exchange Commission with respect to a proposed public offering in the U.S. of $100m debentures, due 2010. The proceeds of the issue will be used mainly to reduce short-term debt and other general corporate requirements.

News of the Inco offering comes hard on the heels of a similar issue proposed by America's Amax natural resources giant. The latter is to offer $100m 10-year notes and, here again, the proceeds of the issue will be used to reduce bank borrowings. The Amax issue is expected later this month when the terms will be announced.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	2	1.50	—	—	—	—	F.297
AKZ C	F.22.50	—	—	—	—	37	2.60	F.22.80
AKZ C	F.25	—	—	—	—	21	1.20	
AKZ C	F.27.50	—	—	10	0.40	—	—	
AKZ P	F.22.50	5	0.40	10	0.60	—	—	"
AKZ P	F.25	6	2.20	—	—	—	—	"
FNC C	$20	11	3¼	—	—	—	—	$23⅜
HEI C	F.55	—	—	6	6	—	—	F.59.30
HEI C	F.60	—	—	3	2.70	3	6	"
HEN P	F.56	2	0.50	—	—	—	—	"
IBM C	$60	—	—	50	3⅞	—	—	$61⅜
IBM C	$75	—	—	3	⅝	—	—	"
KLM C	F.60	34	4.10	25	6.50	—	—	F.63.90
KLM C	F.70	—	—	16	2.30	—	—	"
KLM P	F.60	37	0.40	3	3.70	—	—	"
KLM P	F.70	30	6.50	5	9.50	—	—	"
KLM P	F.80	—	—	3	18	—	—	"
NAT C	F.100	5	12	—	—	—	—	F.111.70
NAT C	F.104.50	—	—	14	9	—	—	"
NAT C	F.109.10	4	2.90	2	5.50	—	—	"
NN C	F.120	—	—	10	1.40	5	2.50	"
PET C	Fr.5000	1	90	—	—	—	—	Fr.4970
PHI C	F.17.50	6	0.70	41	1.20	20	1.60	F.18.10
PHI C	F.20	—	—	10	0.30	—	—	"
RD C	F.160	62	7	—	—	1	10.70	F.167
RD C	F.170	109	0.80	111	4	28	5.60	"
RD P	F.145	—	—	6	0.70	—	—	"
RD P	F.150	—	—	5	1.20	—	—	"
RD P	F.160	—	—	13	4	—	—	"
RD P	F.170	10	3.60	30	9	—	—	"
UNI C	F.110	—	—	4	13.50	—	—	F.122.50
UNI C	F.115	—	—	13	8.60	—	—	"
UNI C	F.120	33	2.30	6	6	—	—	"
UNI P	F.110	—	—	6	1	—	—	"
UNI P	F.120	31	0.50	36	2.20	—	—	"
		Aug.		Nov.		Feb.		
BA C	$35	—	—	2	5	—	—	$37¼
SIE C	DM.280	10	4	2	6	2	10	DM272.35
SLB C	$110	2	10½	2	—	—	—	$118¼
SLB C	$120	—	—	—	—	1	11	"
VW C	DM.170	—	—	5	2.50	—	—	DM178.50
TOTAL VOLUME IN CONTRACTS						945		

C=Call P=Put

INTERNATIONAL CAPITAL MARKETS

Greek borrower raises $125m on better terms

BY FRANCIS GHILES

THE Public Power Corporation of Greece is raising a loan of $125m for eight years on a spread over the London inter-bank rate of ½ per cent throughout. Joint lead managers of this loan are Chase Manhattan Limited and Nippon Credit Bank.

The management fee is believed to be "reasonable," that is, no less than ¼ per cent. Such conditions mark an improvement in the terms on which Greek borrowers can raise loans in the Euromarkets.

Only two months ago, Greece's National Bank arranged a $45m loan which carried a spread of ½ per cent but only for five years.

Greek borrowers present two major attractions to international bank. First is the fact that the country has borrowed relatively little by international standards. Last year, Greek borrowers raised $101bn worth of loans in the international capital markets. So far this year, they have raised $659m.

The second attraction lies in the growing distinction banks are making between prime and second class (usually less developed country) borrowers.

While most less developed countries are having to accept much stiffer terms for their loans than six months ago, most industrial countries, and a handful of LDC countries such as Mexico, are able to raise funds on ever finer spreads.

Another example of this growing gap is the good reception afforded to the latest $500m 10-year jumbo which Credit Lyonnais is arranging for Electricite de France. The borrower is paying the finest spread seen in this market for many years: 0.35 per cent for the first five years rising to 0.45 per cent for the remainder. A decision on whether or not to increase the size of this loan is expected from the lead manager before the end of this week.

Banks involved in discussions about the loan for Poland meet later today in London.

$70m fixed rate EEC bond

BY OUR EUROMARKETS STAFF

A $70m fixed interest rate 15-year Eurodollar bond is being arranged for the European Economic Community through Societe Generale. The borrower is paying a coupon of 11 per cent for the bonds which will be priced at par.

This bond is a "bought deal," which means that the lead manager cannot change the terms during the offering period. Less than two months ago the EEC arranged an 11 per cent bond to to 1995 which was trading at 96⅞ offered yesterday. At this level it yields 11.45 per cent. Initial reaction to the new EEC issue was that the terms were surprisingly out of line with the market.

The secondary market in fixed interest dollar Eurobonds was extremely quiet yesterday ahead of the U.S. Federal Reserve Open Market Committee meeting. Prices edged forward by ⅛ per cent.

A $30m floating rate note for the Philippine National Bank was postponed as the borrower wishes to take advantage of the recent fall in the London inter-bank rate to arrange a $100m medium-term loan instead. Bids for this loan are all in and a decision is awaited from Manilla this week.

The FRN issue was to have been brought to the market by Chemical Bank and Salomon Brothers and was expected to have a coupon of ¼ per cent over Libor for eight years.

Prices again slightly improved in the D-Mark sector where dealers reported a greater volume of trading.

The weakening dollar is helping the Swiss franc sector where prices moved up by ¼ of a point for the second day in succession.

Two public issues and two private placements have been completed in this sector. The Republic of Argentina has arranged a SwFr 80m issue through the Union Bank of Switzerland. This ten-year issue has a 6¼ per cent coupon and is priced at par. Oesterreichische Kontrollbank, which last Friday completed a $50m dollar-denominated bond, has arranged a SwFr 100m ten year bond through Swiss Bank Corporation. Coupon is 5¼ per cent and the bonds have been priced at 99¾.

Credit Suisse has arranged a SwFr 100m private placement for Inter-American Development Bank. The bonds carry a coupon of 5¾ per cent for six years. The Danish Export Finance Company, meanwhile, has completed a SwFr 50m placement on identical terms with Swiss Volksbank.

In the Euroguilder sector, Westland-Utrech Hypotheebank is tapping the market for Fl 60m by a seven-year issue, managed by Pierson Heldring and Pierson, and with a coupon of 10¼ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on July 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	93¾	93⅞	+0¼	+1	11.16
Brit. Oxygen F. 10¾ 90	50	95	95½	0	−0½	11.57
CECA Grad. Rate 12 85	100	99¼	99⅞	+0⅛	+0½	11.33
CECA 11⅞ 90	50	99½	100½	0	+1¾	11.60
CECA 11½ 88	100	100⅜	101	+0⅛	+0¼	11.34
Chicorp O/S Fin. 10 86	300	96¾	97¼	+0¼	+1⅛	10.70
Continental Grp. 9¾ 86	100	92⅝	93⅛	+0⅛	+0¼	11.33
Con. Illinois O/S 9¾ 86	150	96⅞	96¾	+0⅛	+0⅛	10.69
Denmark 11¾ 90	100	100	100½	+0⅛	+0⅞	11.70
Dome Petroleum 13½ 92	50	104	104½	+0⅛	+1	12.76
EEC 11 95	75	96¾	96¾	−0⅛	+0½	11.49
EIB 11¾ 92	80	99⅜	99¾	+0⅛	+0⅛	11.80
EIB 13⅜ 90	100	106⅝	107⅛	0	+0⅞	12.48
Eksportfinans 11¼ 87	50	100½	101	0	+0⅞	11.05
Eksportfinans 9½ 87	75	94⅞	95¼	+0⅛	+0⅛	10.54
Elec. de France 10 88	125	96⅞	97⅛	0	+0⅛	10.57
Export Dv. Cpn. 9¾ 84	150	97	97½	0	+0½	10.58
Export Dv. Cpn. 12¾ 87	100	107	107½	−0⅛	+2	11.18
Export Dev. Cpn. 8½ 88	150	96⅝	97⅛	+0⅛	+0⅛	10.21
Federal Dev. Bk. 12¾ 85	75	104⅛	104⅝	0	+0⅞	11.02
Fin. Exp. Credit 10½ 85	50	98⅜	98⅞	0	+0⅛	10.77
Finland, Rep. of 9½ 86	100	93⅜	93⅞	0	+0⅛	11.04
Ford O/S Fin. 12⅝ 85	250	100⅝	100⅞	+0⅛	+1⅝	12.42
George Weston 13½ 87	30	103	103½	+0⅛	+1⅛	12.75
GMAC 9¾ 86	100	93⅜	93⅞	0	+0½	10.75
GMAC O/S Fin. 11 84	100	100	100½	+0⅛	+0⅛	10.88
GMAC O/S Fin. 13⅜ 85	100	106⅝	106⅝	+0⅛	+1⅛	11.53
Goodyear O/S 12⅝ 87	75	99⅜	99⅞	0	+1⅛	12.57
Hudson's Bay 11½ 90	75	98⅝	99⅛	0	+1⅛	11.67
IBM Canada 10½ 85	50	100⅛	100⅝	0	+0⅞	10.36
[illegible] Fin. Ned. 11 83	100	100⅜	101⅛	+0⅛	+1⅛	10.56
McGraw 13⅜ 85	75	102⅝	103⅛	+0⅛	+1	12.63
Norwest Ind. 13½ 87	50	101⅝	102⅛	+0⅛	+1	13.10
Pembroke Capital 9¾ 87	100	95⅝	95½	−0⅛	0	10.56
Pemex 11½ 88	100	98⅜	99	+0⅛	+1	11.75
Quebec Hydro 11½ 92	100	97⅞	98⅜	+0⅛	+0⅛	11.79
Roylease Ltd. 11¾ 85	50	101	101½	+0⅛	+1⅛	10.90
SNCF 12⅜ 85	50	104⅞	105⅜	+0⅛	+1	10.94
Swed. Ex. Cred. 12½ 85	40	103⅜	103⅞	0	+0⅛	11.46
Sweden 9¾ 84	100	97⅛	97⅝	0	+0⅛	10.52
World Bank 9¾ 85	200	98⅜	98⅞	0	+0⅛	10.14
World Bank 10⅛ 87	300	98⅜	98⅞	0	0	10.53

Average price changes... On day +0⅛ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102⅝	103⅛	0	+1	8.57
Australia 8⅞ 90	250	101⅞	102⅜	0	+0⅛	7.77
BFCE 7¾ 87	100	99⅝	100	0	+0⅛	7.81
BFCE 8⅛ 95	100	99⅝	100⅛	0	+0⅛	8.15
Brazil 8 87	150	93⅜	94⅜	0	0	8.19
CECA 7 91	150	93⅞	94	+0½	+1⅞	7.89
Council of Eur. 7¾ 89	100	94⅞	95⅜	0	+0⅜	8.02
Denmark 7⅞ 86	100	97⅝	98⅛	0	+0⅛	8.26
Denmark 8¼ 92	100	98⅝	99⅜	0	+0⅜	8.34
EEC 7⅞ 94	225	98⅛	99	0	−0⅛	8.03
EIB 7½ 89	200	96⅝	97⅛	+0⅛	−0⅛	8.02
Finland Rep. of 8 86	150	98⅞	99⅜	0	0	8.14
Kobe, City of 7⅜ 89	150	95⅛	95⅞	0	−0⅛	7.82
Kobe, City of 8 90	100	100	100⅜	−0⅛	−0⅛	7.94
Mr. Bk. Denmark 8½ 90	150	99⅝	100⅛	0	+0⅛	8.50
Norway 7½ 85	250	99⅝	100⅛	+0⅛	0	7.55
OKB 7¾ 89	100	96⅛	96⅞	0	+0⅛	7.92
Oslo, City of 8¾ 90	80	102	102⅜	+0⅛	+0⅛	8.37
Sweden 9⅜ 87	200	106⅜	107½	−0⅛	+0⅛	8.31
World Bank 7¾ 91	400	97¼	98	+0⅛	+0⅛	8.08
World Bank 7¾ 90	250	99⅝	99⅞	0	+0⅛	8.05
World Bank 10 86	150	107⅝	108½	0	+1⅞	8.17
World Bank 10 90	200	111⅝	112⅛	+0⅛	+0⅛	8.20

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	†94	94½	0	−1	6.36
Bergen, City of 4¾ 91	40	95½	96	+0½	0	5.27
Bergen, City of 6 90	50	103⅜	104⅛	+0⅛	+0⅞	5.48
BNDE 5 89	75	86⅝	86⅝	+0⅛	−1⅛	7.09
BMW Overseas 4⅜ 91	100	92⅛	92⅜	+0⅛	+0⅛	5.14
Buhrm'n-Tetterode 7 90	40	105⅞	105⅜	−0⅛	+0⅛	6.23
Caisse Nat. Tele. 4¾ 89	100	95	95½	+0½	+0⅛	5.04
Copenhagen 4½ 91	50	91¾	91½	+0⅛	0	5.53
Council of Eur. 5 89	100	94½	95	−0½	0	5.74
Denmark 5¾ 90	80	100	100½	+0⅛	+0⅛	5.72
EIB 4½ 81	100	91⅛	92⅛	+0⅛	−0⅛	5.49
EIB 4⅜ 94	100	87⅛	88	+0½	+0⅛	5.98
Elec. de France 4⅜ 89	100	94⅛	95⅜	−0½	+0⅛	5.10
GZB 4⅜ 89	100	92½	99	+0⅛	+0⅞	5.26
Hilti 4½ 91	35	94½	95	−0⅛	−0⅛	4.86
Int.-Amer. Dev. 4½ 89	100	92	92½	0	0	5.61
Int.-Amer. Dev. 7 90	80	106⅞	107⅜	0	+0⅛	6.01
Jutland Tele. 5¼ 90	50	100½	101	−0⅛	−0⅛	5.39
Malaysia 5 89	80	†89	89½	0	−1	6.58
Newso 5¾ 90	80	102⅛	102½	+0⅛	+0⅛	5.44
Nippon Tel. & T. 4¾ 89	100	94⅜	94⅞	−0⅛	0	5.01
Nordic Bank 5 89	45	97	98	+0⅛	+1½	5.36
Norges Komm. 4¾ 91	100	93½	94	+0½	+1½	6.12
OKB 4¾ 91	180	91	91½	+0⅛	+1	5.43
TKB 8 90	100	103⅜	104⅛	+0⅛	+0⅛	5.45
Oslo, City of 4¾ 91	100	90½	91	+0⅛	+0½	6.49
Sekisui Pre. Hms. 8 80	80	102½	103	+0⅛	+0⅛	5.83
Shikoku El. Pwr. 4¾ 89	100	96	98½	+0½	+0⅛	5.28
World Bank 4¾ 89	100	96	96½	−0⅛	+0½	5.15
World Bank 4⅜ 89	150	92½	92⅝	0	+0⅛	5.45
World Bank 4¾ 91	100	93⅜	93⅝	+0⅛	+0⅛	6.42

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅜	92⅛	0	−0½	8.42
Australia 6½ 88	20	87⅝	88⅜	0	−0⅛	8.73
EIB 7¾ 88	12	97	98⅜	+0⅛	+0½	8.12
Finland 5.8 83	10	91⅛	92⅛	0	0	8.62
Finland 6.8 88	10	88⅝	89⅜	0	−0½	8.90
Finland, Rep. of 8⅜ 87	15	97⅞	98½	−0⅛	−0⅛	8.84

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 CS	60	95⅜	96⅛	0	−0	11.89
CIBC 13½ 85 CS	50	103⅞	104⅜	+0⅛	−0	12.29
CIBC 11½ 85 CS	80	98⅞	99⅜	+0⅛	+0⅛	11.95
Cr. Foncier 10⅜ 84 CS	30	†92¾	93¾	+0½	+0⅛	12.51
Federal Dev. 11½ 90 CS	60	97	97½	+0⅛	+0⅛	11.98
Fst. Can. Inv. 10 84 CS	50	94⅛	94⅝	+0⅛	+0⅛	11.88
GMAC 12 85 CS	50	†99	99½	0	0	12.20
R. Bk. Canada 10 88 CS	40	94⅜	95⅛	+0⅛	+0⅛	11.23
Tordom Cpn. 13½ 85 CS	30	103⅜	104⅛	+0⅛	−0⅛	12.36
M. Bk. Dnmk. 8 91 EUA	25	94	95⅛	0	0	8.79
SOFTE 8¾ 89 EUA	40	86¾	88	0	+0½	10.51
U. Bk. Nrwy. 9½ 90 EUA	18	98	99⅛	+0⅛	+0⅛	9.71
Algemene Bk. 8¼ 84 Fl	75	96⅞	96⅞	0	−0⅛	9.32
Algemene Bk. 10⅛ 87 Fl	400	99⅞	100⅜	0	+0⅛	10.22
Ned. Gasunie 9⅛ 84 Fl	50	100⅛	100⅝	+0⅛	+0⅛	9.63
Ned. Middbk. 8¼ 84 Fl	75	96⅛	96⅝	+0⅛	+0⅛	9.42
Norway 8¾ 84 Fl	100	96⅜	96⅞	−0¼	−0¼	9.23
Philips Lamps 8¾ 84 Fl	75	96⅜	97⅛	−0⅛	−0⅛	9.26
Air France 11 84 FFr	120	95⅛	96⅛	+0⅛	+0⅛	12.33
CECA 14¼ 89 FFr	150	105⅜	106⅞	+0⅛	+0⅞	12.61
Eurofom 9¾ 87 FFr	150	85⅝	86½	+0⅛	+0⅛	12.96
Finland 11 84 FFr	80	94⅞	95½	+0⅛	+0⅛	12.58
Finland 11½ 89 FFr	70	92⅞	94	0	+0⅛	12.73
Gaz de France 11 84 FFr	150	94⅛	95⅛	+0⅛	+0½	12.53
IBM France 11⅞ 84 FFr	120	87⅛	88⅛	−0⅛	+0⅛	12.51
Renault 9¾ 85 FFr	100	86⅝	88	0	+0⅛	13.38
Saint-Gobain 9¾ 85 FFr	130	85⅞	86⅞	0	+0⅞	13.22
Solvay et Cie 9⅞ 87 FFr	125	84⅛	85⅛	+0⅛	+0⅛	13.21
Beneficial Fin. 14¼ 90 £	20	100⅝	101⅛	0	+1	14.03
Citicorp O/S 13⅜ 90 £	50	99½	100	0	+1	13.51
EIB 11½ 91 £	25	93⅜	94⅛	−0⅛	+2⅝	12.53
Fin. for Ind. 12½ 89 £	30	95⅛	96	−0⅛	+0⅛	13.38
Fin. for Ind. 14½ 88 £	20	102⅞	103⅜	−0⅛	+0⅛	13.74
Gen. Elec. Co. 12⅛ 89 £	50	97⅝	98⅛	−0⅛	+1⅛	12.86
Swed. Ex. Cr. 15½ 85 £	20	104⅛	104⅞	+0⅛	+1⅛	13.85
Indonesia 8¾ 91 KD	7	†93	93½	0	0	8.78
Mitsubishi 7½ 84 KD	10	†92⅜	93	0	0	9.78
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.55
Occidental 8¾ 91 KD	7	†90⅛	90⅝	0	0	9.70
Akzo 9⅜ 87 LuxFr	500	95	98	+0⅛	+0⅛	10.13
Euratom 8 87 LuxFr	500	89½	90½	+0⅛	−0⅛	10.11
Euratom 9⅞ 88 LuxFr	500	98⅝	99¼	+0⅛	+0⅛	9.97
EIB 9¾ 88 LuxFr	600	97⅜	98⅜	+0⅛	+0⅛	10.07
Volvo 9⅞ 87 LuxFr	500	96⅜	97⅜	−0½	0	10.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97¾	98¼	2/1	10.44	10.65
Bank of Ireland 5⅞ 89	†0¼	98⅛	98⅝	21/8	11.81	12.01
Bank of Tokyo 5¼ 89	†0¼	97⅛	97⅝	25/10	16.56	16.97
Barclays O/S Inv. 5 90	0¼	97⅞	98⅜	13/12	9⅝	9.81
Bergen Bk. A/S 6 89	†0¼	97⅛	97⅝	29/8	10	10.27
Bilbao Int. NV 5⅞ 90	0¼	96⅞	97½	29/11	10.06	10.36
Aque. Indo Suez 5¼ 89	0¼	98⅛	98⅝	11/1	9⅝	9.78
Citicorp O/S F. 83	§†0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	†0	98	98½	30/7	9.69	9.88
C. Itoh 5⅞ 87	0¼	99½	100	18/9	19.44	19.49
Co-operative Bk. 6 86	0¼	98⅝	98⅝	16/11	11.44	11.91
Creditanstalt 5½ 91	§†0¼	96⅛	97⅛	14/9	9.44	9.72
CNT 5⅝ 86	§0¼	100⅛	101⅛	16/10	18⅛	17.97
GZB 5½ 89	†0⅛	98	98½	1/8	15⅜	15.62
Jugobanka d 88	0⅞	90⅛	92⅛	23/11	11⅜	12.74
Ind. Bank Japan 5½ 87	0⅛	100⅛	100⅝	15/10	13⅜	13.68
Lloyds Eurofin 8 90 £	0⅛	97⅛	97⅝	3/1	15⅜	16.17
LTCB Japan 5⅞ 86	0¼	98½	98⅝	13/12	9⅝	9.77
LTCB Japan 5½ 89	0¼	98	98½	7/12	10⅛	10.31
Mfrs. Han O/S 5¼ 94	†0⅛	97⅛	97⅛	31/8	9⅞	10.13
Midland Intl. Fin. 6 89	0¼	99⅜	99⅞	20/12	9⅛	8.54
Midland Intl. Fin. 5¼ 92	0¼	98½	98	5/12	10⅛	11.01
Nacional Fin. 6⅞ 86	0¼	98⅝	98⅝	25/7	14.69	14.91
Nat. West. 5¼ 94	§0⅛	99⅞	100⅛	11/10	18⅜	18.60
Nippon Credit 6½ 86	0⅛	97⅛	97⅝	12/7	14.44	14.83
Nippon Credit 5¼ 87	†0⅛	97⅞	98⅛	2/8	14⅜	14.67
Royal Bk. Scot. 5¼ 94	§†0⅛	98⅜	98⅞	11/7	19⅜	19.77
Soc. C. de Bque. 6½ 87	0¼	100⅛	100⅝	3/10	20.00	19.99
Sogenal 5¼ 89	§0⅛	97⅞	98⅛	13/7	14.44	14.71
Standard Chart. 5½ 90	0¼	100⅛	101⅛	0/8	17⅜	17.10
Sweden 8⅛ 91	†0⅛	96⅝	97⅛	18/10	18⅜	18.23
Williams & Glyn 5¾ 91	0¼	99⅝	100⅛	14/9	18½	18.52
Bq. E. d'Alg. 4¾ 89 SF	0⅝	†89	90	18/12	6⅜	8.84

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7⅞ 89	10/79	145	†119	120	0	−0.56
Ajinomoto 7⅜ 95	2/80	610.5	110⅛	111⅛	+0⅛	−2.22
Alco Int. Fin. 9½ 94	1/80	40	93	94	−0⅛	28.97
Apache I. Fin. 8¾ 95	12/80	21.12	113⅛	114½	+1⅜	−2.70
Asahi Optical 7 94	11/79	528.1	100⅜	101⅞	−0⅛	−1.50
Canon 6⅞ 94	8/79	570	109⅜	110½	−0⅛	−0.21
Credit Suisse 4¾ 93	10/79	1278	103⅛	104⅜	+0⅛	−4.06
Daiei Inc. 6½ 94	11/79	927.3	97⅛	98½	0	18.18
DDKK 11 90	4/80	324	111	111⅝	−0½	11.75
Dynalectron 9½ 95	8/80	12.22	113⅜	114⅜	−1⅛	0.59
Enserch Fin. 9½ 94	7/80	30.25	121⅛	122⅛	+0⅛	2.43
LPC Internatnl. 8 89	9/79	23.33	†109	110	−1⅛	5.87
Meidensha Elec. 7 94	12/79	210	106	107	−0⅛	4.47
Mitsubishi Cp. 6½ 94	10/79	549.1	125⅜	127⅛	+0½	4.70
Nippon Seiko 7⅞ 94	12/79	339	†111⅜	112⅜	−1	−2.25
Nitto Elec. Ind. 6 94	7/79	735	86	87½	+0⅛	5.02
Toshiba Cpn. 7⅞ 94	10/79	198	102⅛	102⅞	−0⅛	1.48
Union Bk. Switz. 5 89	2/80	121.4	98	99⅛	+0⅛	5.09
Fujitsu 5 84 DM	7/79	475	100⅝	101⅛	+0⅛	5.82
Kansai Elec. 4 84 DM	4/79	1234	87⅛	88⅛	−0⅛	40.78
Uny Co. 6½ 85 DM	11/79	1071	96⅞	97⅜	0	27.58

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week* = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NORTH AMERICAN NEWS

Decline at NCR but prospects brighter

By Stewart Fleming in New York

NCR, a leading computer manufacturer, yesterday reported a dip in second-quarter earnings, but Mr. William S. Anderson, the chairman, reaffirmed his predictions that net income for the year would rise.

Second-quarter net income was $56.7m or $2.12 a share, compared with $58.9m or $2.23 a share in the particularly strong second quarter of 1979.

The second-quarter figures represent a significant recovery from the 96 cents a share the company earned in the first quarter of the year and Mr. Anderson said that NCR was able to increase its output of several products which had experienced production shortfalls in the first quarter. He added that this should benefit earnings during the remainder of the year.

He added that the company had launched a number of cost-reduction programmes in view of the current economic climate in the U.S.

Sales revenues in the second quarter were $788m against $717m in the same period of 1979.

● Intel, a major supplier to main frame computer manufacturers such as IBM and NCR, reported a surge in second-quarter earnings from $18.6m to $24.8m or $1.15 a share. The company said that Intel's order backlog was at a record high, but that it was already beginning to see some order cancellations and delivery postponements as a result of the uncertain state of the economy.

Analysts report, for example, that International Business Machines has stretched out delivery dates on 16K ram chips it had ordered from suppliers including Intel.

But Mr. Gordon Moore, chairman and chief executive of Intel, said yesterday that it was too early to assess fully the effect the recession would have on the company.

Teledyne turns in fresh gains

By Our Financial Staff

EARNINGS continued to move ahead in the second quarter at Teledyne, adding teeth to the forecasts on Wall Street that the full year will show an increase in earnings from $27.59 a share to around the $28.75 range.

Teledyne, which manufactures industrial and aero engines as well as machine tools, electronics equipment and consumer products has increased first half earnings from $174.8m or $10.36 a share to $186m or $11.4 a share. Sales are up from $1.35bn to $1.5bn.

In the second quarter, earnings rose from $88m to $5.23 a share to $94m or $5.95 a share, on sales of $764.7m against $689.2m.

In the first quarter of the year, sales gained 10.6 per cent and earnings 6 per cent. Teledyne finds some 36 per cent of earnings from industrial sales and a further 10 per cent from consumer areas. It is feared that both sectors could be held back by the recession now clearly under way in the U.S.

However, the aviation and electronics division (21 per cent of earnings) should show further progress, helped by increased demand from the military aerospace programmes. Similar factors are expected to aid the specialty metals group (33 per cent of earnings).

Improvement at Tektronix

By Our Financial Staff

TEKTRONIX, the world's leading producer of cathode ray oscilloscopes, states that preliminary results for its fiscal fourth quarter are "more encouraging than previously expected." Analysts have already projected per share earnings of around $1.90, against $1.19 last year.

The company said operating income for the quarter improved over the third quarter, and there were strong earnings from foreign operations which are taxed at lower rates than in the U.S. No specific estimates were given, however.

In the third quarter ended March 8, Tektronix earnings were $20.8m or $1.14 a share on sales of $285.9m

U.S. QUARTERLIES

BANCAL TRI-STATE	1980	1979
Second quarter	$	$
Net profits	6.6m	5.1m
Net per share	1.41	1.14
Six months		
Net profits	10.6m	9.0m
Net per share	2.28	2.20

HARRIS BANCORP	1980	1979
Second quarter	$	$
Net profits	10.89m	8.02m
Net per share	1.80	1.33
Six months		
Net profits	18.11m	17.08m
Net per share	2.66	2.52

International Paper downturn

BY DAVID LASCELLES IN NEW YORK

PROFITS APPEAR to be declining in the U.S. wood products industry, judging by the results from two large companies out yesterday.

International Paper, the largest company in the industry, reported net income of $77m or $1.44 a share, down from $80.9m or $1.69 a share from continuing operations in the same quarter last year. Discontinued operations yielded profits of $4.6m.

Revenue in the second quarter was $1.27bn, up from $1.12bn.

Six months' earnings were $166m or $3.24 a share, down sharply from $258.5m or $5.41 a share a year before. Sales were $2.5bn, up from $2.2bn.

Mr. Edwin Gee, chairman, blamed the downturn on the U.S. recession. Lumber and plywood were depressed, and paper and packaging has weakened, though exports remain strong, he said, adding: "As International Paper enters the third quarter, we are adjusting production to reflect changing market conditions."

In 1979 the company's sales jumped by 13 per cent, while income from continuing operations rose by 55 per cent to $7.25 a share. Long-term prospects were boosted at the end of 1979 by the acquisition of Bodcaw, a forest products company with some 300,000 acres of timberland, for which International paid $8.5m. This move followed the sale for $800m of International's oil and gas operations to Mobil.

Mead Corporation, based in Dayton, Ohio, said its second quarter earnings were $35.9m or $1.35 a share, down from $38m or $1.47 a share. Sales were $679m, up from $650.7m. Six months' net income was also down, from $68.4m or $2.64 a share, to $67.2m or $2.54 a share. Half-year sales were $1.33bn, up from $1.27bn.

Mr. J. W. McSwiney, chairman, said the steep decline in housing starts and the slowdown in the domestic car industry were principally responsible for the drop in earnings. But Mead noted that strength in demand for paper and cardboard products, and said overseas demand remained steady.

In the first quarter of the year, Mead recorded a 5 per cent rise in sales, but earnings dipped by 8.9 per cent reflecting weakness in lumber and industrial markets. The company has a strong position in the production of white papers, including bond and writing papers, technical papers and grades used in printing

Charter warns of $5m loss

BY TERRY BYLAND

THE DOWNTURN in the petroleum market combined with the world oversupply of crude oil has undermined earnings at Charter, the Florida-based group which over the past 12 months has heavily expanded its petroleum refining interests by the acquisitions of Carey Energy and Commonwealth Oil Refining.

In a debenture registration statement filed with the Securities and Exchange Commission, Charter disclosed that it expects results for the second quarter of this year to range from break-even to a loss of about $5m.

In last year's second quarter Charter earned $3.31 a share and had full-year net earnings of $368m or $14.93 a share.

But in the first quarter of this year sales rose more than 100 per cent and earnings by more than 900 per cent, primarily reflecting the inclusion of Carey Energy—whose acquisition increased Charter's refining capacity from 70,000 to 320,000 harrels a day through a 50 per cent interest in a Bahamas refinery.

Charter's statement to the SEC blamed the operating downturn on continuing high prices for crude oil and a "soft" market for refined products. These factors had "severely restricted" profitability at the Bahamas refinery and also made it hard to acquire crude oil economically.

Charter declined to forecast its performance for the next two quarters and the full year. "Circumstances could change tomorrow."

Charter's main sales and assets remain firmly in the petroleum industry although it has interests in publishing and insurance. It retails petroleum and related products through some 447 outlets in 13 southern U.S. states. It also markets petrochemicals, operates ships, manages oil terminals and offers other services to the oil industry. Through Carey Engineering, it has the right to take a major stake in plans to build a refinery in Alaska.

Earlier this year Charter bought up Republic National Life Insurance for a package of cash and shares valuing Republic around $282m. It hopes to move strongly into electronic media fields via conventional publishing interests which already include magazines

Chairman of NBC removed

By Our New York Staff

IN THE second high level—and messy—dismissal at RCA in less than three weeks, the chairman of its NBC broadcasting subsidiary, Mrs. Jane Cahill Pfeiffer, was on Tuesday relieved of all her responsibilities.

The dismissal was announced by Mr. Fred Silverman, president of NBC, though it clearly had the approval of Mr. Edgar Griffiths, the chairman of RCA.

The announcement came as no surprise, climaxing as it did two days of unsourced but well-inspired stories in the press that Mrs. Pfeiffer's days at NBC were numbered. However, NBC refused to comment on the reports. And Tuesday afternoon Mrs. Pfeiffer put out her own press statement only two hours before the Silverman announcement saying: "I won't quit . . . no one has asked for my resignation and I have not offered it. It is apparent that there are some who are trying to use the media to get me to quit."

It was not immediately clear why Mrs. Pfeiffer took this public stand only to have it demolished before the afternoon was out. But the struggle over her dismissal evidently centred on how she was to be compensated for unexpired portion of her contract.

Mrs. Pfeiffer, an attractive 47-year-old who was appointed chairman in October 1978, apparently had an uneasy relationship with Mr. Silverman for some time, and there was frequent speculation that one or the other would have to go. However, Mr. Silverman is clearly in the stronger position at NBC, having been hired at great expense to improve NBC's standing as the number three network.

An NBC spokesman also confirmed that Mr. Silverman, as chief executive officer of NBC, had the power to fire the chairman, unusual though this might seem. However, he lacks the authority to oust her from her other position as director of RCA, though she is expected to resign this post before long.

The drama is another acute embarrassment for RCA. On June 18, Mr. Griffiths fired Mr. Maurice Valente, the company's president for only six months.

Second-quarter slip at Safeway

BY OUR FINANCIAL STAFF

EARNINGS AT Safeway Stores have fallen in the second quarter but the board says it is "encouraged" by the improvement over the first three months of the year and "looks forward to a continued improvement" in the second half.

Total net profit for the first half-year now stands at $50.2m, or $1.92 a share, compared with $65.6m, or $2.51 a share, in the comparable period. Sales, however, have edged forward from $6.16bn to $6.61bn. The first half includes a foreign exchange gain of $971,000 against a loss of $386,000.

Earnings for the second quarter dipped from $42.5m, or $1.63 a share, to $37.7m, or $1.44 a share, with sales at $3.35bn against $3.13bn. This quarter takes in a net Lifo charge of $5.2m against $9m in 1979.

The board blames the second quarter profits fall on competitive pressures and higher operating costs. The company currently operates some 2,400 stores, primarily west of the Mississippi river.

For fiscal 1980, Wall Street analysts have predicted share earnings in the $5.20 to $5.50 range, compared with last year's $5.49, with quarterly dividends likely to stay at the present 65 cents a share rate.

Sales in excess of $15bn are expected this year, reflecting new and larger sales units, but competitive conditions had been widely foreseen.

Caterpillar Tractor earns more

BY OUR NEW YORK CORRESPONDENT

CATERPILLAR TRACTOR, the world's largest manufacturer of earth-moving equipment, has achieved a modest increase in second quarter earnings and confirmed that the weakening U.S. economy has begun to hit sales volumes.

Second quarter net income rose from a corresponding $165.1m, equal to $1.91 a share, to $168.6m or $1.96 a share. Sales revenues for the second quarter were 8.4 per cent higher at $2.3bn, compared with $2.1bn in the second quarter of 1979.

This brought net earnings for the half-year to $312.5m or $3.62 a share, compared with $297.4m or $3.44 a share in the corresponding period last year, on sales of $4.42bn, against $4.06bn previously.

The group said its second quarter sales gain was due to price increases as physical volume declined about 4 per cent from last year's levels. The slight rise in second-quarter earnings was attributed to improvements in operating efficiency and a lower effective income tax rate.

The reduced tax rate resulted mainly from an increase in the relationship of estimated investment tax credits to the estimated pre-tax profit for the year, and from increased benefits from subsidiaries taxed at less than the U.S. statutory rate of 46 per cent.

Caterpillar said U.S. sales were flat at $1.02bn and added that current dealer stocks, although up only slightly from a year ago, are relatively high in relation to selling rates.

Second quarter sales outside the U.S. were $1.3bn, up 16.2 per cent from the previous year.

Volvo Car moves to boost Dutch sales

By Charles Batchelor in Amsterdam

VOLVO CAR, the Dutch subsidiary of the Swedish vehicle group, has cut the sales price of its 340 series by about 10 per cent in the Netherlands to stimulate sales. The company has decided on this move after a 10 per cent downwards revision of its sales forecast for the entire Dutch car market this year.

Volvo Car expects the total market will be only 475,000 cars in 1980, 50,000 fewer than its original estimate. The medium-sized car range, to which the 340 belongs, has been particularly badly hit, it said.

Volvo's market share has remained an unchanged 2 per cent but the overall decline in sales has led to an absolnte fall in the number of 340s sold. The price of the basic manual three-door model, the 343 Luxe, has been cut by 10 per cent to Fl 15,750 (£3.479) while at the top of the range, the price nf the 345 GL, the five-door automatic version, has been cut by 12 per cent to Fl 20.530.

Volvo earlier announced it would cut production levels of its plant at Born by 10,000 cars this year to 82,500. The 340 will account for 74,000 of these and the smaller 66 model for 8.500.

Sue Cameron reports on Rhone-Poulenc's withdrawal from heavy chemicals

Captive oil divides the industry

THE DEAL between Rhone-Poulenc, Elf Aquitaine and British Petroleum highlights that Europe's major chemical companies are now divided into two camps—those with their own oil and those without.

Rhone-Poulenc does not have secure access to oil and gas for use as petrochemical feedstocks. Over the past five or six years it has been pulling out of the heavy, often volatile, commodity chemicals end of the business and concentrating increasingly on more specialised, high value products. Other big European groups are following a similar policy.

Elf Aquitaine and BP, on the other hand, are both oil companies with chemical subsidiaries and both are anxious to upgrade their crude and find secure outlets for their refined products—notably naphtha, Europe's most important petrochemical raw material.

There is considerable agreement within the chemical industry that petrochemicals will increasingly become the preserve of those companies which have oil interests, either in their own right or through their parents.

Ironically, the projected Rhône-Poulenc deal comes at a time when the outlook for base chemicals in Europe is looking decidedly bleak. Last year, when dramatic increases in naphtha prices followed the Iranian revolution and the subseqnent world oil crisis, petrochemical producers were able to raise their product prices for the first time in years. Most of them were able to declare the best profits on base chemicals since 1945.

But after tha brief feast has come famine. The recession is now starting to bite, naphtha prices are falling and product prices are dropping in their wake. Demand has slumped—sometimes by as muc has 40 per cent.

Rhône-Poulenc's base chemicals accounted for nearly 39 per cent of its total sales of FFr33.78bn last year. It has a 57.2 per cent share in Naphthachimie, with BP holding the other 43.8 per cent. Despite the good performance of base chemicals generally last year, Naphtachimie achieved only a FFr133m profit on a turnover of FFr3.53bn.

Naphtachimie is now to be reorganised so that BP has a 50 per cent share for which it will pay FFr100m. The company also forms part of the deal between Rhône-Poulenc and Elf. A new company ise to be set up in which Elf will have an 80 per cent interest and Rhône-Poulenc a little less than 20 per cent. Rhône-Poulenc's 50 per cent share in Naphtachimie will be given to the new, as yet unnamed, company.

The Naphtachimie chemicals complex is sited some 20 km outside Marseilles, close to BP's French refinery. The Naphtachimie plants make a wide range of basic chemicals including ethylene—the so-called building-block of the chemical indnstry. The site has the capacity to produce 620,000 tonnes a year of ethylene, plus 380,000 tonnes of propylene, 100,000 tonnes of butadiene, 200,000 tonnes of ethylene oxide, 100,000 tonnes of high density polyathylene, 50,000 tonnes of polypropylene and 150,000 tonnes of ethylene glycols.

These chemicals are used in the making of a wide range of products from synthetic rubber and plastic goods to adhesives and industrial solvents.

BP's part of the deal is comparatively minor and seems merely to be designed to ensure that the group maintains control of the Naphtachimie operation. BP Chemicals itself is still swallowing the huge acqulsitions it made in 1978 when it spent £220m ($522m) buying Union Carhide's European chemical operation and a further £20m on Monsanto's European polystyrene interests.

The most important part of the Rhône-Pouleno project is the sala of the company's chlorine and plastics interests to Elf Acquitaine. These will come under the aegis of the new company.

The divestment of its polymers and chlorine business comes three quarters of the way through Rhône-Poulenc's drastic rationalisation nf its loss-making fibres and textiles business.

The group is now placing far more emphasis on such business areas as agrochemicals and pharmaceuticals. The policy of concentrating on high value specialty products has been put into operation by M. Jean Gandois, the chairman and chief executive of Rhône-Poulenc. It seems tn be having some success—after several years nf poor results, the gronp's profits rose from FFr 238m in 1978 to FFr 791m ($196m) last year.

Whether Elf will gain as much from the purchase of Rhône-Poulenc'a base chemical areas as Rhône-Poulenc will from the sale of them remains to be seen. Elf is certain to find the market for petrochemicals far from happy.

Siemens returns to growth path

BY KEVIN DONE IN FRANKFURT

SIEMENS of West Germany, the world's fifth largest electrical and electronics group, has returned to a path of strong growth over the last eight months, having overcome setbacks, particularly those in power station construction caused by the Iranian revolution and the dearth of domestic orders.

The expansion of group turnover by 14 per cent in the eight months to May to DM 19.8bn and the rapid growth of new orders by 20 per cent to DM 23.6bn has surprised even the company's more optimistic planners.

The pattern of Siemens' growth is heavily marked by the performance of its power station building subsidiary, Kraftwork Union. The DM 1.5bn order secured earlier this year for the construction of the Atucha 2 nuclear power station in Argentina helped disproportionately to boost the total of new work booked in foreign markets in the eight months.

Without KWU, Siemens' 27 per cent growth in new orders from abroad is reduced to 12 per cent, the same rate of growth as that achieved in the home market.

There has been a slowing down of new work taken in recent weeks, hut with group order books standing at DM 43.2bn at the end of May, there is a large back-log of work to guarantee a steady sales increase in coming month.

Any weakening in domestic economic activity traditionally hits the electrical and electronics industry later than most other sectors and Siemens expects a growth of 10 per cent in both sales and new orders for the current year.

Dr. Bernhard Plettner, the chief execntive, said that group turnover should total some DM 31bn in the current year, with the stronger impetus comiog from abroad.

Sales in foreign markets account for more than 51 per cent of group turnover and in the first eight months sales abroad jumped by 17 per cent to DM 10.4bn compared with expansion in West Germany of 12 per cent to DM 9.4bn.

Dr. Plettner warned, however, that the group's profitability had not kept pace with the expansion in sales. There could be little question of raising the dividend which for 1978-79 was DM8 per share.

Group after-tax profits rose in the first six months of this year to DM 323m compared with DM 280m but this trend was being reversed in the second half. Competitive pressures had limited Siemens' price increases to an average of only 2 per cent, some areas nf computer production were operating at a loss and productivity gains were not sufficient to offset increasing costs.

Talks between Siemens and Grundig, the leading West German producer of televisions, radios and stereos, were still being intensively pursued, said Dr. Plettner, with a primary aim of ensuring Siemens' role as a components supplier

A Siemens takeover of Grundig at some stage is still possible, however.

Pessimistic outlook at Flick

By Roger Boyes in Bonn

THE FLICK industrials group, one of West Germany's largest family businesses, has begun the 1980s in a ratner muted spirit. The concern has a profitable base in an important share in several markets, but most of its subsidiaries are beleagured by soaring costs and depressed demand.

Dr. Friedrich Karl Flick, the group chairman, said yesterday that he was satisfied on the whole with Flick's performance last year. Sales of the consolidated companies rose by 14.6 per cent to DM 8.7bn ($4.9bn) during 1979 and net profits impuroved from DM 73m to DM 82m ($47m) after operating profits had risen from DM 529m to DM 594m.

In the first half of 1980, meanwhile, sales amounted to DM 4.3bn or about 1 per cent more than in the first six months of 1979. This low growth rate partly reflected a decline in defence business and if that sector is excluded, sales increased by 11 per cent. But, said Dr. Flick, "according to the sales plans of our companies, including the defence business, it might be possible that we will not achieve a sales increase in 1980 at all." He was "even more conservative" about prosepective earnings.

Nonetheless Flick is not confronted with uniqne problems." And an anlysis nf its constituent companies points up some

● The Buderus group pushed up sales by 14 per cent to DM 4.3bn in 1979 thanks partly to demand fnr heating equipment, household appliances and galleys for aeroplanes. The defence specialist, Krause Maffei, a member of the Buderus group, boosted sales to DM 2bn. But much nf Buderus's continuing success depends on the constructinn and motor industries, both of which are cooling nff. At the same time Krauss Maffei's military sales, which have always fluctuated dramatically, are down.

● Dynamit Nnbel, the chemicals, plastics and explosives concern, saw aales rise by 21 per cent to DM 2.5bn last year and by 11 per cent in the first half of 1980. The plastics division is profiting from high capital spending in Germany, but the chemical and fibre raw materials sales saw lower growth.

● Feldmnehle, the paper manufacturer, saw sales last year rise by 8 per cent to DM 1.9bn and sales also increased by 8 per cent in the first six months of this year.

Soma of the moat profitable of Flick interests are two U.S. affiliates, W. R. Grace, the chemical and fertiliser producer in which Flick has a 29.6 per cent stake, and U.S. Filter Corporation, an energy engineering concern, in which the German company has a 34.5 per cent share.

Esselte to push for expansion

BY WESTERLY CHRISTNER IN STOCKHOLM

ESSELTE, the Swedish office supply, graphics and packaging group, can once again go on the offensive after a year of consolidation in 1978-79, Mr. Sven Wallgren, the managing director, says in the company's annual report.

Esselte reported pre-tax earnings of SKr 305m ($73.5m) in the year to March 31, ahead by SKr 74m and surpassing its earlier forecasts. Consolidated sales amounted to SKr 4.1bn ($987m), up by 19 per cent.

The reorganisation of the company was cnmpleted at the beginning of 1980 when Esselte opened its London group headquarters. This manages the business systems group, which embraces the dominating part of Esselte's international operations which manufactures and sells nffice appliances.

Business systems is the largest operating unit within the Esselte group, accounting for sales of SKr 2.4bn in 1979-1980 and contributing SKr 286m to group trading profits of SKr 482m. It is the business area, to which Esselte "must lonk for vnlume growth."

Market shares for the Business Systems products were "still modest in most countries and the growth potential is thus substantial," Mr. Wallgren says.

Mr. Wallgren defines the group's main problem area as its graphic industry operations, adding that "this branch has, in the last decade, been marked by overcapacity and weak growth. Develnpment of productivity has long been below the average fnr industry and profitability has, as a whole, been low."

For 1980-81 group sales are expected to reach around SKr 4.7bn, an increase of 15 per cent. There are too many uncertain factors to make a precise profit forecast fnr the year, bnt the result should be "further improved" and the return on capital remain good.

Far Eastern unit for Dutch paper group

By Our Amsterdam Correspondent

DUTCH paper, packaging and trading group Buehrmann-Tetterode, has set up a subsidiary, Tetterode-Singapore, tn maintain sales and servicing for its graphic machinery division in Singapore and Malaysia. BT was previously represented by a local agent.

Mr. A. W. Overwater, BT's chairman, said earlier this year that the Far East was nne of the areas where the company planned to develop new markets during the 1980s.

BT has forecast a considerable improvement this year on the Fl 41.3m ($22m) net profit recorded in 1979.

Mobil Germany reports downturn in earnings

BY OUR FINANCIAL STAFF

PROFITS of Mobil Oil AG, the West German unit of Mobil nf the U.S., are turning down this year having advanced by 80 per cent to DM 305m at the net level for 1979.

The German company is "finding it impossible" to pass on fully to customers increases in crude oil prices and as a result has dipped into the red on its oil business in certain months of this year.

However, the company plans to maintain a high level of capital spending, investing more than DM 300m this year, including DM 210m on oil and gas exploration and around DM 90m nn improving its processing plant. It invested DM 233m in 1979.

Describing last year's result as satisfactory, Mobil AG said the crude oil shortage caused in West Germany by the Iranian crisis led to higher prices and improved profit margins. Supplies from the parent company allnwed Mobil AG tn avoid purchases on the "expensive" spot market.

The company also benefited from "relatively cheap" Saudi Arabian oil accounting for 25 per cent of its total crude supplies. Mobil AG was able to raise sales of higher-earning light petroleum products at the expense of heavy products.

Amatil increases dividend despite pre-tax profit fall

BY JAMES FORTH IN SYDNEY

AMATIL, THE food, packaging and cigarette group in which the UK group, BAT Industries holds almost 40 per cent, has lifted its dividend despite lower pre-tax earnings in the April half-year. The directors forecast that pre-tax *profits* for the full year will be higher than in 1979-80, but that with the removal of the trading stock valuation adjustment a cut in investment allowance would prevent this being reflected in the after-tax earnings.

The interim dividend is increased to 10 cents a share from 9 cents.

A sharp reduction in the tax bill for the April half, from A$12.5m to A$6.5m, enable the group to report a fractional increase in net profit for the six months of 0.6 per cent to A$15.28m (US$17.7m), from A$15.19m in the same period of 1978-79.

The lower tax bill in the first half was influenced by tax losses in the frozen vegetables division. The directora said that the tobacco division improved and the soft drinks division overcame strong price competition and a lack of industry growth to turn in a "highly satisfactory" result. The snack foods division also overcame early difficulties in the form of industrial problems, and a cost squeeze to maintain its "excellent results."

Turnover fell by 4.9 per cent to A$552.40m (US$639m), from A$570.60m.

Downturn for S.A. insurer

By Jim Jones in Johannesburg

NEW ZEALAND Insurance (South Africa), or NZISA, the unquoted South African insurance company which is 70 per cent-owned by its New Zealand-registered parent, New Zealand Insurance, and 30 per cent by Standard Bank Investment Corporation, was held back by an increasingly competitive short-term insurance market during the year to March 31 1980.

Although tha company received R15.9m ($21m) of short-term premiums during the year, short-term insurance profits were halved to R70,200 ($92,368) before tax. Life assurance operations resulted in a transfer of R50,000 (R30,000 in 1979) from the life assurance revenue account to the income statement. More than offsetting this however, the company recorded an increase in pre-tax investment income to R721,300 (R594,200 in 1979). After tax, the operating profit fell to R653,100 (R726,000 in 1979).

Mr. W. T. Passmore, chairman, said that traditionally profitable domestic insurance lines were badly affected by an upsurge in theft, fire and storm losses in the March quarter. He warned that unless the industry restores a better oalance between premium income and liabilities assumed, insurers' solvency margins could be impaired.

NZISA has concentrated on improving its financial strength while at the same time its total dividend payout was increased to R270,000 (R210,000 in 1979).

Hume Far East restructures

BY GEORGIE LEE IN SINGAPORE

HUME INDUSTRIES (Far East), a member of the Hume group of Australia, plans a major restructuring of its activities in Singapore and Malaysia. Under the plans, which have already been approved by the Malaysian authorities, Hume Industries (Far East) will transfer its shareholding in its wholly-owned Singapore subsidiary, Hume Industries Singapore (HIS), to its Malaysian subsidiary, Hume Industries Malaysia (HIM).

Hume Industries Malaysia will issue 14.43m new shares of 1 ringgit par value each to Hume Industries (Far East) for the acquisition of the 20m shares in HIS. The share swap will be based on a value of 1.53 ringgit per share for HIM and S$1.10 per share of HIS.

At the same time, HIM has proposed a rights issue of one share for every two held at an issue price of 1.30 ringgit per share. The shares issued to Hume Industries (Far East) under the share swap scheme will not qualify for the rights issue, which will raise some 22.5m ringgit (U.S.$10.5m) for HIM to finance its expansion plans.

On completion of the scheme and rights issue, Hume Industries (Far East)'s stake in HIM will rise from 62.7 per cent to 70.9 per cent. However, Hume Industries (Far East) has given an undertaking to the Malaysian authorities to transfer some of its shares in HIM to Bumitputra (Indigenous) interests in 1983 in order to raise Bumitputra participation in HIM from the existing 22.5 per cent to 30 per cent in recognition of approval being given for HIM's proposed expansion programme, which will cost some 50m ringgit.

Hume is largely involved in the manufacture of building meterials in Singapore and Malaysia.

It is thought likely here that Hume will eventually replace the manufacture of traditional building products in Singapore with higher value added manufacturing activities, in line with the Singapore Government's economic policy.

Israeli builder advances

BY L. DANIEL IN TEL AVIV

SOLEL BONEH, Israel's largest construction company, which is controlled by the Labour Federation but also traded on the Tel Aviv Stock Exchange, reports that it executed $378m worth of work abroad in 1979, representing an increase of 3 per cent in real terms from 1978.

Operations outside Israel accounted for 41 per cent of the overall activity of Solel Boneh and its dozens of wholly or partly-owned subsidiaries. The balance sheet total for the group reached I£23.6bn in 1979, to show an increase of 108 per cent.

Despite higher financing costs, gross profit last year rose to I£3.5bn ($70m), or 18 per cent of income, as compared with 16 per cent in 1978. Net profit increased by 290 per cent to I£1.8bn.

The company will distribute bonus shares at the rate of 20 per cent on its ordinary preferred shares, compared with 10 per cent in 1978.

Palm oil refinery for Sime

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the Malaysian conglomerate, has acquired the assets of Glychem Singapore Private, a palm oil refining company in receivership, for S$9.2m (U.S.$4.3m).

A new company, Sime Darby Oleochemicals (SDOL) has been formed to take over the assets and operations of Glychem. SDOL will operate under Sime's commodity trading and processing division.

SDOL will concentrate on the production of stearic acid and glycerine, using acid oils from Sime's two oil palm refineries in Singapore and Johore. The Glychem plant is the only factory in south-east Asia producing glycerine, which is used as a moisturiser in cosmetics, and in food and pharmaceutical manufacture.

Sime said the Singapore Government has granted "pioneer status" to SDOL from August, entitling it to some generous tax incentives.

Mr. James Cott, Sime's chief executive, said the group plans to invest S$1.5m on immediate *improvement to the plant, and a* further S$2.5m to expand SDOL's distillation capacity.

"World demand for stearic acid and glycerine is growing strongly and we expect to find good markets in the industrialised countries and in Asia," he said.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100); retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
1st qtr.	110.4	102.6	98	100.7	134.0	1,351	234
2nd qtr.	114.9	107.1	107	106.2	144.8	1,299	256
3rd qtr.	112.7	103.1	99	99.5	144.6	1,269	247
4th qtr.	112.5	103.9	105	101.7	151.9	1,286	230
Dec.	112.0	103.7	104	101.7	153.1	1,294	219
1980							
1st qtr.	110.2	100.5	97	103.2	157.8	1,379	193
Jan.	111.5	102.2	87	103.1	155.5	1,339	207
Feb.	110.2	100.9	98	103.9	158.5	1,383	191
March	108.9	98.4	106	102.6	159.4	1,414	181
April	108.2	99.9		102.3	161.0	1,458	169
May				100.6	160.2	1,484	163
June						1,534	147

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.2	127.0	98.8	98.4	100.0	12.9
2nd qtr.	108.6	102.9	133.1	102.7	110.0	103.0	21.3
3rd qtr.	105.8	96.2	132.3	95.0	103.8	100.6	21.0
4th qtr.	104.9	101.3	129.7	99.2	102.6	95.8	18.1
Dec.	105.0	103.0	128.0	101.0	100.0	93.0	15.0
1980							
1st qtr.	103.9	101.2	124.9	99.0	63.1	91.6	12.3
Jan.	106.0	102.0	127.0	101.0	65.0	94.0	13.2
Feb.	104.0	103.0	124.0	100.0	59.0	91.0	11.4
March	102.0	99.0	124.0	96.0	65.0	89.0	12.2
April	102.0	101.0	122.0	97.0	85.0	89.0	15.0
May							17.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−31.0	−229	160.4	21.69
3rd qtr.	129.8	128.1	−493	−238	−158	106.8	23.18
4th qtr.	129.3	123.9	−745	−674	−157	103.7	22.54
Dec.	131.3	131.2	−252	−229	+ 88	102.6	22.72
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.87
Jan.	129.8	123.0	−315	−213	− 76	100.9	23.71
Feb.	136.5	128.9	−232	−130	− 45	100.6	23.93
March	127.7	122.7	−176	− 74	− 5	100.6	26.96
April	127.2	127.6	−264	−214	+ 44	101.8	28.01
May	130.2	121.4	− 18	+ 32	− 10	102.0	28.28
June							28.17

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,867	14
3rd qtr.	15.5	10.2	13.2	+2,409	933	1,879	14
Dec.	5.1	12.6	16.2	+ 250	161	593	17
1980							
Jan.	−6.9	8.1	22.6	+ 738	235	688	17
Feb.	−6.7	6.1	20.7	+ 272	199	665	17
March	−2.3	7.5	25.4	+ 706	200	641	17
April	−3.4	4.8	18.8	+ 678	266	676	17
May	4.0	11.4	21.9	+1,122	225	621	17
June							17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
Dec.	165.1	187.5	183.4	139.4	239.9	295.13	69.7
1980							
1st qtr.		197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	352.2	251.1	284.47	72.6
April	174.8	202.4	197.0	260.8	254.1	275.67	72.6
May		200.5	199.1	263.2	255.7	268.23	74.3
June		201.3	201.0				

* Not seasonally adjusted.

VONTOBEL EUROBOND INDICES

145.76=100%

PRICE INDEX	8.7.80	1.7.80	AVERAGE YIELD	8.7.80	1.7.80
DM Bonds	96.38	96.52	DM Bonds	8.288	8.260
HFL Bonds & Notes	93.55	93.60	HFL Bonds & Notes	9.736	9.720
U.S. $ Strt. Bonds	91.41	91.88	U.S. $ Strt. Bonds	10.664	10.571
Can. Dollar Bonds	92.18	92.04	Can. Dollar Bonds	11.271	11.301

APPOINTMENTS

Chief executive for Spillers Foods

Mr. Charles Auld has been appointed chief executive, SPILLERS FOODS and joins the company in September. He is at present general manager, U.K. toiletries, Beecham Group. He succeeds Mr. Geoffrey John, who was appointed chief executive, Dalgety Spillers Foods in March.

★

Dr. Andreas R. Prindl has been appointed executive director of and chief executive officer of SAUDI INTERNATIONAL BANK (Al-Bank Al-Saudi Al-Alami) succeeding Mr. Edgar C. Felton. Dr. Prindl, who was *seconded* to Saudi International Bank by Morgan Guaranty Trust Company on April 1, 1980, previously had been vice-president and general manager of Morgan Guaranty's Tokyo office. Mr. Felton, who is returning to Morgan Guaranty headquarters in New York, was executive director of Saudi International Bank since it was established in 1975 and will continue his association with the bank as an alternate director. He has been elected a senior vice-president of Morgan Guaranty International Finance Corporation and assigned responsibility for the investments held by that subsidiary in Europe, the Middle East and Africa.

★

Mr. Royston G. Hine has been *appointed* to the board of THOMAS BORTHWICK AND SONS.

★

Mr. W. E. Bennington has been appointed a director of BRADSTOCK BLUNT (N.I.).

★

From October 1 Mr. D. J. Youngman, personnel and legal director, will become group managing director of COATES BROTHERS AND CO. He will also assume responsibility for group planning.

★

Mr. David Gault, chairman of Gallic Shipping, Mr. Eldon Griffiths, Mr. Frank Narby, chairman of Intercast S.A., Mr. Peter Twiss, president of Intercast S.A. and Mr. Donald Webster, president of Helix Investments, have been appointed directors of EURO-CANADIAN SHIPPING INVESTMENT. This company has been established in the UK to provide investment, advisory and management services for Eurocanadian Shipholdings, the parent company of the Cast Group.

★

Mr. Michael Butler, and Mr. Trevor Fairhurst have been appointed senior executive officers of EUROCANADIAN SHIPPING INVESTMENT, a subsidiary of Eurocanadian Shipholdings. Mr. Butler was previously a senior treasury board official in Ottawa, Canada. Mr. Fairhurst was formerly a director of P and O Bulk Shipping and subsequently with Dolphin Investments.

★

Mr. Ronald F. Francis has been appointed the BRITISH GAS CORPORATION'S central controller, responsible for operational management of the main transmission pipeline.

★

Dr. Ray Stanbridge has been appointed financial director of W. HERMANNS AND SON. He will also have special responsibility for business *planning* and development.

★

At the annual meeting of the INSTITUTE OF ACTUARIES held on Monday June 30 the following were elected to membership of the Council: Mr. S. Benjamin, Mr. F. E. Guaschi, Mr. P. D. Jones, Mr. P. J. Turvey and Mr. J. H. Webb.

★

Mr. Peter Rosewell has been appointed divisional chief accountant of SHOWERINGS, VINE PRODUCTS AND WHITEWAYS, the wine spirits and soft drinks division of Allied Breweries.

★

Mr. Brian Garner has been appointed managing director of PYRENE CHEMICAL SERVICES, a member of Brent Chemicals International Group, in succession to Mr. Don James, who has become executive chairman.

★

The Prime Minister has reappointed Lord Boyle of Handsworth as a trustee of the BRITISH MUSEUM on the expiry of his term of office.

★

Mr. George N. Donaldson has been elected chairman of the TIMBER RESEARCH AND DEVELOPMENT ASSOCIATION having served as vice-chairman for the past two years. He is chairman and managing director of James Donaldson and Son and chairman of the Scottish Timber Trade Association. Mr. Richard Carr, chairman of the Sandell Perkins group, has been elected vice-chairman of TRADA.

★

Mr. Joe Boyce, deputy general manager of TELFORD DEVELOPMENT CORPORATION, will become general manager from October 1.

★

Dr. J. M. Butler, chief executive of McKechnie Brothers, has been elected president of the BRITISH NON-FERROUS METALS FEDERATION for the year 1980-81. He succeeds Mr. M. A. Hastilow, director of Glynwed. The following vice-presidents have also been elected: Mr. D. V. Ayres, Mr. D. H. Booth, Mr. R. W Fordham and Mr A. W. Gibbins. Mr. A. W. Gibbins also continues to be the federation's treasurer.

★

Mr. T. B. Langton has resigned from the Boards of DEVITT LANGTON AND DAWNAY DAY and MEACOCK SAMUELSON AND DEVITT (REINSURANCE BROKERS).

★

Mr. William Ramsden has been appointed director and general manager of RANK TAYLOR HOBSON, Leicester, while the new *general manager* of RANK HILGER is Mr. Kenneth P. Rippon. Both companies are part of the Rank Organisation.

★

TUSCAN ENGINEERING CO. has appointed Dr. D. C. Molyneux as managing director, on the retirement of Mr. Eric Powell. Mr. Norman Williams, previously chief engineer, has been appointed to the Board as technicail director.

★

FOSTER WHEELER has made the following appointments: Mr. J. T. Kelley, previously vice-president of project operations, FOSTER WHEELER ENERGY Corporation, Livingston, New Jersey, U.S., before being elected a director of FOSTER WHEELER last year, is appointed deputy chairman and general manager. Other appointments are: Mr. E. D. Hibbert (deputy general manager); Mr. J. A. Bunn (director, fired heater division); Mr. J. G. Lucas (director, contract operations).

★

Mr. Eric Walters has been appointed managing director of CC SOFT DRINKS, the holding company fpr Coca-Cola Southern Bottlers and a director of Cantrell and Cochrane (GB). He succeeds Dr. A. J. Lister who will resign from the Board of CC Soft Drinks and Coca-Cola Southern Bottlers on September 30. Mr. Colin Barclay is promoted to sales and marketing director of Coca-Cola Southern Bottlers. Until now managing director of Cantrell and Cochrane, Mr. Barclay remains on the Cantrell and Cochrane Board. Mr. Percy Allen, director of manufacturing operations for Coca-Cola Southern Bottlers, also becomes chairman and managing director of Cantrell and Cochrane (GB). Mr. Ken Gilhespie becomes planning and distribution director for Coca-Cola Southern Bottlers and stays a director of Cantrell and Cochrane (GB). He has responsibility for corporate planning and physical distribution.

★

Mr. Des Good has been appointed managing director of PICTURE PALACE PRODUCTIONS from September 1. Although Mr. Good will leave EMI AVS, he will still be actively involved with Thorn EMI through the joint venture between Picture Palace Productions and EMITEL which was formed May 1.

★

Following the formation of PENTLAND OIL EXPLORATION, the Board will comprisa Mr. G. M. Dobbie (chairman), Mr. S. W. Curran, Mr. D. D. Durban, Mr. K. A. West and Mr. H. K. Young.

★

Mr. Tony Rollins, managing director of Williams Alexandra's Foundry, has been appointed a director of W. WILLIAMS AND SONS (HOLDINGS).

★

Elected president of the ASSOCIATION OF BUILDING COMPONENT MANUFACTURERS is Mr. Frank Drake of John Laing Research and Development.

★

Mr. Colin Jones, has been appointed financial director at LOWNDES-AJAX COMPUTER SERVICE, a member of the CIG Group.

★

SHENVAL PRESS has appointed Mr. Peter Corlett as marketing director.

★

Mr. Stephen Green has been appointed a director of ARDEN DATA PROCESSING, Leicester.

★

Mr. Peter Usher, has been appointed planning director on tha Board of ATCOST.

★

Mr. Richard K. Kirkman has been appointed vice-president and general manager, HERTZ EUROPE. He was formerly general manager, Hertz France.

★

Two directors have been appointed to the newly-formed company, MILLER BUCKLEY S.D. They are Mr. G. N. B. Longe and Mr. D. J. Page. Mr. B. B. Reading has been appointed chairman. Mr. Longe will take on his new responsibilities to Miller Buckley S.D. in addition to his present appointment of marketing manager of Miller Buckley Construction. Mr. Page will be a director and executive manager of Miller Buckley S.D.

★

Mr. E. Arabzadeh has been appointed chairman of IRAN OVERSEAS INVESTMENT BANK and Mr. S. A. Taheri, managing director.

★

At the London branch of FIRST PENNSYLVANIA BANK, Mr. Wilson J. C. Braun has been promoted to vice president and Mr. Edward J. Hodgson has been elected assistant vice president.

Wouldn't you protest if Shell ran a pipeline through this beautiful countryside?

They already have!

Tom Allen.
Shell Horticulturist:

"When Shell proposed a pipeline from the North East coast of Anglesey to Stanlow refinery, seventy eight miles away in industrial Cheshire, people were worried.

The line would run through part of the Snowdonia National Park and have to pass under rivers Conwy, Elwy, Clwyd and Dee.

What scars would remain?

It is five years since the line was laid, and as I fly along the route today, even I can see no sign of it.

On the ground, the course of the pipe can be followed by a series of small unobtrusive markers. Apart from these, there is nothing to tell you that the top of a pipeline runs one metre beneath your feet.

The sheer invisibility of the line surprises visitors but not me. I was responsible for re-instating the land and well know what unprecedented lengths we went to.

Every foot of the way was photographed before digging started, and the vegetation restored the way the record showed it . . . even to the exact varieties of grass.

Sometimes, I agreed deviations in the line to avoid disturbing rare trees. In addition, a team of archaeologists preceded pipeline contractors to make sure that the route would avoid cromlechs, barrows, earthworks and other historical sites.

We are proud of the result, and it shows the way for other conservation projects."

You can be sure of Shell

CURRENCIES, MONEY and GOLD

£ and $ quiet

Trading was quiet in currency markets yesterday, with sterling and the dollar showing little overall change. There was some nervousness ahead of the U.S. Federal Reserve open market committee meeting, with the market expecting a further easing of interest rates after the meeting. As a result there was little business seen, and the dollar finished at DM 1.7410 against the D-mark, compared with DM 1.7405 on Tuesday, and SwFr 1.5950 against SwFr 1.5915 in terms of the Swiss franc. In yen terms the U.S. unit finished at Y218.15 against Y219.05 previously. On Bank of England figures, the dollar's trade weighted index remained at 82.8.

Sterling was also unchanged on a trade weighted basis, with its closing index at 74.4, the same as on Tuesday. At noon however it was slightly lower at 74.3, the same level as in the morning. Against the dollar it opened at $2.3725 and rose on demand around mid-day, to a high of $2.3820. It came back later in the day as the dollar probably received a small amount of central bank support. Sterling closed at $2.3725-2.2735, a fall of just 5 points from Tuesday's close.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency rate differentials. There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt, when the dollar was fixed higher at DM 1.7362 against DM 1.7327 on Tuesday. Trading was fairly quiet ahead of the Federal open market committee, with some sources suggesting a further decrease in U.S. interest rates.

FRENCH FRANC — Still the strongest currency within the EMS, in spite of a rising inflation rate and worsening balance of payments position — The French franc was unchanged on balance against its EMS partners at yesterday's fixing in Paris, with the D-mark lower at FFr 2.3214 against FFr 2.3220 and the Danish krone declining to FFr 74.94 per DKr 100 from FFr 75.01. On the other hand the Dutch guilder improved to FFr 2.1223 from FFr 2.1197 and the Belgian franc was higher at FFr 14.4920 per BFr 100 against FFr 14.4795. Outside the EMS sterling was lower at FFr 9.571 from FFr 9.5795, but the dollar rose to FFr 4.0320 from FFr 4.0275.

DANISH KRONE — Showing a steadier tendency within the EMS recently, having suffered two devaluations in 1979 — The Danish krone was slightly weaker yesterday in Copenhagen, but maintained its position within the EMS. The D-mark fell to DKr 3.0990 from DKr 3.1015 and the French franc was lower at DKr 1.3350 against DKr 1.3360. On the other side the Belgian franc rose to DKr 19.36 per BFr 100 from DKr 19.34 and the Dutch guilder to DKr 2.8340 from DKr 2.8290. Outside the EMS sterling fell to DKr 12.7705 from DKr 12.7970, while the dollar rose to DKr 5.3785 from DKr 5.3760.

JAPANESE YEN — Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency — The dollar was slightly firmer against the yen in Tokyo yesterday, closing at Y219.00 compared with an opening level of Y219.30, and Tuesday's close of Y218.35.

THE POUND SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3680-2.3820	2.3725-2.3735	1.72-1.62c pm	8.44	4.07-3.97 pm	6.78
Canada	2.7100-2.7235	2.7150-2.7160	1.33-1.23c pm	5.66	3.42-3.32 pm	4.96
Nethlnd.	4.50-4.54	4.51½-4.52½	2⅞-1⅞c pm	6.30	6¾-5¾ pm	5.20
Belgium	65.90-66.30	66.15-66.25	20-10c pm	2.72	44-34 pm	2.36
Denmark	12.76-12.81	12.80-12.81	½-2½ore dis	−1.52	6¼-8¼ dis	−2.36
Ireland	1.0966-1.1015	1.0995-1.1005	0.04-0.01p pm	0.27	0.27-0.22 pm	0.89
W. Ger.	4.11½-4.14½	4.13-4.14	3¼-2¼pf pm	7.62	7¼-6¼ pm	6.41
Portugal	115.00-115.70	115.00-115.20	10c pm-19 dis	−0.26	30pm-70dis	−0.68
Spain	167.00-167.50	167.00-167.10	70-120c dis	−9.82	290-385 dis	−7.84
Italy	1,966-1,973	1,966½-1,967½	6½-9½lire dis	−4.88	29-32 dis	−6.20
Norway	11.38-11.43	11.38½-11.39½	6¾-5¾ore pm	6.32	15⅞-14⅞ pm	6.31
France	9.55-9.62	9.58½-9.59½	4¼-3¼c pm	4.89	9-8 pm	3.54
Sweden	9.75-9.79	9.76-9.79	2⅞-1⅞ore pm	2.30	3½-3½ pm	1.41
Japan	516-522	517½-518½	1.85-1.60y pm	4.00	4.85-4.55 pm	3.63
Austria	29.25-29.40	29.30-29.35	15-12gro pm	6.52	40-30 pm	4.77
Switz.	3.76-3.79½	3.78¾-3.79¾	4¼-3¼c pm	11.88	10¼-9¼ pm	10.43

Belgian rate is for convertible francs. Financial franc 66.20-66.30. Six-month forward dollar 5.92-5.82c pm. 12-month 9.30-8.20c pm.

THE DOLLAR SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3690-2.3820	2.3725-2.3735	1.72-1.62c pm	9.44	4.07-3.97 pm	9.78
Ireland†	2.1580-2.1640	2.1590-2.1600	1.60-1.50c pm	8.61	4.25-4.15 pm	7.78
Canada	1.1431-1.1443	1.1437-1.1440	0.19-0.24c dis	−2.25	0.40-0.45dis	−1.49
Nethlnd.	1.8982-1.9030	1.9015-1.9030	0.28-0.38c dis	−2.08	0.60-0.70dis	−1.37
Belgium	27.78-27.90	27.88-27.90	11½-13c dis	−5.27	28-31 dis	−4.23
Denmark	5.3770-5.3830	5.3815-5.3830	4.10-4.60ore dis	−9.70	12-12¼ dis	−9.10
W. Ger.	1.7350-1.7419	1.7405-1.7415	0.08-0.18pf dis	−0.90	0.07-0.17dis	−0.27
Portugal	48.48-48.60	48.48-48.58	30-40c dis	−9.65	70-110 dis	−7.41
Spain	70.37-70.50	70.40-70.44	80-100c dis	−15.34	220-250dis	−13.35
Italy	828.40-829.05	828.75-829.05	8-11lire dis	−15.75	28-30 dis	−15.51
Norway	4.7990-4.8015	4.8000-4.8019	0.50-1.00ore dis	−1.87	1.10-1.60dis	−1.12
France	4.0290-4.0420	4.0400-4.0420	1.15-1.25c dis	−3.57	3.05-3.25dis	−3.12
Sweden	4.1110-4.1145	4.1130-4.1140	2.00-2.15ore dis	−6.05	3.35-5.60dis	−6.27
Japan	218.05-219.25	218.10-218.20	0.70-0.85y dis	−4.26	1.70-1.85dis	−3.25
Austria	12.33-12.34½	12.33½-12.34½	2.30-2.90gro dis	−2.53	5.00-6.75dis	−1.90
Switz.	1.5850-1.5960	1.5945-1.5965	0.50-0.45c pm	3.67	1.62-1.57 pm	4.00

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.4	−31.9
U.S. dollar	89.8	−10.8
Canadian dollar	21.8	−15.9
Austrian schilling	157.8	+24.2
Belgian franc	118.2	+14.5
Danish kroner	108.2	−3.9
Deutsche mark	159.9	+44.7
Swiss franc	201.7	+21.6
Guilder	126.4	+80.3
French franc	102.3	−5.2
Lira	53.2	−51.6
Yen	129.5	+27.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.388699	0.609008
U.S. $	11	1.33346	1.44792
Canadian $	10.63	1.52521	1.65424
Austria Sch.	6¾	Unavail.	17.8094
Belgian F	15	37.0769	40.2933
Danish K	13	7.16401	7.78544
D'Mark	7½	2.31048	2.51358
Guilder	9½	2.53281	2.75466
French Fr.	9½	3.57051	5.83583
Lira	13	1104.44	1199.60
Yen	9	990.428	318.225
Norwgn. Kr.	9	6.39461	9.94710
Spanish Pta.	8	93.9756	101.791
Swedish Kr.	10	5.47545	6.95258
Swiss Fr.	3	2.11780	2.29784

OTHER CURRENCIES

July 9	£	$		£ Note Rates
Argentina Peso	4417-4437	1860-1867	Austria	29.10-29.40
Australia Dollar	2.0436-2.0479	0.8610-0.8615	Belgium	95.89-66.95
Brazil Cruzeiro	126.61-124.51	32.115-52.315	Denmark	12.69-12.79
Finland Markka	8.52-8.55	5.5970-3.3890	France	9.53-9.59
Greek Drachma	100.810-103.255	42.33-42.50	Germany	4.10¾-4.13¾
Hong Kong Dollar	11.64-11.66	4.8060-4.9080	Italy	1920-1980
Iran Rial	n a	n a	Japan	919-524
Kuwait Dinar(KD)	0.829-0.966	0.2664-0.2665	Netherlands	4.49-4.52
Luxembourg Frc.	66.15-66.25	27.88-27.90	Norway	11.55-11.45
Malaysia Dollar	5.0650-5.0750	2.1360-2.1370	Portugal	111½-116
New Zealand Dlr.	2.5955-2.4009	1.0095-1.0105	Spain	161¾-168¼
Saudi Arab. Riyal	7.84-7.90	3.3179-3.5205	Sweden	9.79-9.79
Singapore Dollar	9.0000-5.0100	2.1078-2.1085	Switzerland	5.79½-3.77½
Sth. African Rand	1.8165-1.8166	0.7650-0.7955	United States	2.573-2.383
U.A.E. Dirham	8.74-8.80	3.6980-3.7010	Yugoslavia	61¾-66

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2690	+1.20	+0.67	±1.53
Danish Krone	7.72336	7.78454	+0.79	+0.16	±1.64
German D-Mark	2.48208	2.51407	+1.29	+0.66	±1.125
French Franc	5.84700	5.83605	−0.19	−0.82	±1.3657
Dutch Guilder	2.74362	2.76018	+0.24	−0.39	±1.512
Irish Punt	0.668201	0.669262	+0.16	−0.47	±1.668
Italian Lira	1157.79	1199.78	+3.63	+3.04	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.379	4.135	518.0	9.590	3.788	4.520	1997.	2.718	66.80
U.S. Dollar	0.421	1.	1.743	218.3	4.041	1.596	1.905	828.9	1.144	27.90
Deutschemark	0.242	0.574	1.	125.3	2.318	0.919	1.093	475.7	0.667	18.01
Japanese Yen 1,000	1.931	4.581	7.983	1000.	18.51	7.319	8.726	3797.	5.242	127.8
French Franc 10	1.043	2.474	4.312	540.1	10.	3.949	4.713	2091.	2.838	99.03
Swiss Franc	0.264	0.627	1.099	136.8	2.532	1.	1.193	519.5	0.717	17.48
Dutch Guilder	0.221	0.525	0.915	114.6	2.122	0.838	1.	435.2	0.601	14.65
Italian Lira 1,000	0.508	1.206	2.108	263.3	4.875	1.926	2.298	1000.	1.381	33.66
Canadian Dollar	0.368	0.874	1.523	190.8	3.532	1.396	1.665	724.4	1.	24.38
Belgian Franc 100	1.511	3.585	6.246	782.5	14.49	5.721	6.828	2971.	4.102	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 9)

3 month U.S. dollars		6 month U.S. dollars	
bid 9	offer 9 1/8	bid 9 1/4	offer 9 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18¼-18½	8½-8¼	10-12	10⅝-10⅞	2¼-2¼	9⅝-9⅞	12-18¼	16-19	—	19¾-15¼
7 days' notice	17¼-17¾	8⅝-8⅞	10½-12⅛	10⅜-10⅝	3¼-4	8⅝-9⅞	12-12¼	15½-23½	8⅞-9	12¾-13
Month	16¾-17	8⅞-9⅛	11-11⅜	10⅜-10⅝	5⅛-5⅞	9½-9⅞	19⅛-19⅜	20½-23½	8⅞-8⅛	19⅛-12⅝
Three months	15⅝-16⅞	9⅛-9⅛	10¾-11⅛	10⅜-10⅝	5⅛-9¼	9¼-9⅞	12⅛-19⅛	21-23¼	9-9½	19⅛-12⅝
Six months	14⅛-14¾	9¼-9½	10¼-10⅝	10⅛-10⅝	5¼-5⅜	8⅞-9	12⅛-12⅛	20½-28½	9⅛-9⅛	10⅞-11⅛
One Year	13⅝-13⅝	9⅝-9⅝	18¼-10⅝	10⅛ 10⅝	4⅞-5	8¼-8⅝	12⅛-12⅛	19-21	9⅛-9⅝	9⅜-8⅝

Long-term Eurodollar two years 10⅛-10⅝ per cent; three years 10¾-11 per cent; four years 10⅞-11⅛ per cent; five years 11⅛-11⅜ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificate of deposit: one-month 8.90-9.00 per cent; three-months 9.00-9.10 per cent; six-months 8.95-9.05 per cent; one year 9.05-9.15 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates ease

Short-term interest rates showed a weaker trend in the Netherlands yesterday, leading to speculation that the Dutch central bank may cut its discount rate in the near future. The speculation has increased due to the continued strength of the guilder within the European Monetary System, particularly against the D-mark. At the same time the downward trend in U.S. rates has encouraged the market to look for a reduction in Dutch interest levels.

The decline of the D-mark against the guilder may have led to some intervention by the Netherlands National Bank, to support the German currency and replenish central bank reserves. Dutch call money was quoted at 10½-10¾ per cent yesterday, compared with 10⅝-10⅞ per cent on Tuesday, while one-month was unchanged at 10½-10¾ per cent. Three-month funds fell to 10-10⅜ per cent from 10½-10¾ per cent, and six-month to 10-10¼ per cent from 10½-10¾ per cent.

At the beginning of the week Dutch banks were overdrawn by Fl 2.9bn with the authorities, compared with Fl 3.14bn the previous week. The commercial banks had used about 37 per cent of their quota with the central bank, after slightly over half of the three-month period.

In Brussels the Belgian National Bank left its discount rate unchanged, despite a further reduction in Treasury certificate rates earlier this week.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave moderate assistance by buying a small amount of Treasury bills from the discount houses, and by lending a moderate sum to five or six houses until Friday, at Bank of England Minimum Lending Rate.

Banks brought forward moderate surplus balances, but this was outweighed by repayment of Tuesday's large lending to the market.

Discount houses paid about 16 per cent for secured call loans at the start, with closing balances taken at 15½-16 per cent, although some funds were found at 15 per cent.

In the interbank market overnight loans opened at 17½-17¾ per cent and eased to 16½-16¾ per cent in the morning, before rising to 17½-18 per cent in late trading, but closing around 15 per cent.

GOLD

Sharp fall

Gold fell $19 an ounce in the London bullion market yesterday to close at $662-665. It opened at $674-677 and was steady around this level until the afternoon fixing. It was fixed during the afternoon at $671.00 and started to fall soon after with the entry of the New York market.

In Paris the 12½ kilo bar was fixed at FFr 88,300 per kilo ($681.15 per ounce) compared with FFr 88,000 ($679.17) in the morning and FFr 88,200 ($681.14) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,795 per kilo ($67.34 per ounce) compared with DM 38,450 ($690.03) previously.

	July 9		July 8	
Gold Bullion (fine ounce)				
Close	$662-665	(£279-280½)	$681-684	(£285¾-286¾)
Opening	$674-677	(£283¾-285¼)	$684-687	(£286¾-288¼)
Morning fixing	$678	(£285.414)	$688.75	(£289.051)
Afternoon fixing	$671	(£282.645)	$687.50	(£289.196)
Gold Coins				
Krugerrand	$685-686	(£287½-289½)	$703-705	(£295-296)
Mapleleaf	$679-682	(£285½-287½)	$698-702	(£293½-295½)
New Sovereigns	$168-170	(£70¾-71¼)	$172½-174	(£72½-73¼)
King Sovs	$190-192	(£80-82)	$193½-195½	(£81-83)
Victoria Sovs	$190-198	(£80-83)	$193½-199½	(£81-83)
French 20s	$169-178		$178-179	
50 pesos Mexico	$827-831		$842-846	
100 Cor. Austria	$657-662		$670-675	
$20 Eagles	$775-778		$783-786	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

July 9 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-18	—	—	—	16¾	15-16	—	—	—
2 days notice	—	—	16¾-17	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅞-17⅛	16¾-17	—	17¼	17⅛	15¾-16	—	—	—
One month	16⅝-16½	16½-17⅛	16½-16¾	17½-17⅞	17	16⅞	15¾	14⅞	15⅞	16¾
Two months	16⅛-16¼	16⅛-16⅝	—	17-17½	16⅝	—	16¼	14⅝-14⅞	15⅞	16¼
Three months	15⅞-15½	15⅝-16⅞	16¾-18	15¾-19⅛	19⅛	19½	14¾	14⅝	16⅛	16⅝
Six months	14⅞-14⅞	14⅝-14¾	14⅝-14⅞	14⅝-14¾	15	15¼	—	—	15½	14¼
Nine months	13¾-13⅞	13⅞-14½	—	14¼-14⅝	14⅝	14½	—	—	—	—
One Year	13¼-19½	13½-13⅝	15⅜-15⅝	13½-13⅞	14	14⅜	—	—	—	—
Two years	—	—	15½-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13½-13¾ per cent; four years 13¼-13⅞ per cent; five years 13¾-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¹¹⁄₃₂ per cent; four-month trade bills 15⅜ per cent.

Approximate selling rate for one-month Treasury bills 14⅞-14⅞ per cent; two-months 14½-14⅞ per cent; three-months 14⅞ per cent. Approximate selling rates for one-month bank bills 15⅞ per cent; two-months 15⅝ per cent; three-months 14⅞ per cent; one-month trade bills 16½ per cent; two-months 16 per cent and three-months 15⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 18 per cent. Treasury Bills: Average tender rates of discount 14.7404 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11½
Fed. Funds	8⅞-8⅞
Treasury Bills (13-week)	7.98
Treasury Bills (26-week)	7.85
GERMANY	
Discount Rate	7.5
Overnight Rate	9.90
One month	9.90
Three months	9.90
Six months	9.30
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.0625
Three months	12.0625
Six months	11.75
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.5625
Bills Discount (three-month)	12.9375

Dow up 6 in heavy early trade

AFTER EASING afresh at the outset on further profit-taking, Wall Street resumed its advance in heavy early trading, spurred on by a new onslaught of buying by cash-laden institutional investors.

The Dow Jones Industrial Average moved above the 900 level to record a rise of 6.23 at 903.58 at 1 pm. The NYSE All Common Index climbed 49 cents to $67.86, while advances outpaced declines by a two-to-one majority. Turnover further expanded to 34.99m shares from the previous day's 1 pm figure of 31.95m.

Analysts said that a heavy flow of funds into institutional accounts from maturing short-term debt instruments needed an outlet and was providing fuel for the market's advance.

They added that yields on many good quality stocks are high and that many investors view them as undervalued at *current prices, despite the recent* long stock market rally.

Volume leader Citicorp added ⅛ at $23⅛. A 100,000 share block was moved at $23⅛ and another of 93,600 shares at $23⅛. Its Citibank unit has cut home mortgage rates by half a point to 12¼ per cent.

Tyremakers improved following favourable Press comment. Firestone Tire rose ⅜ to $7⅛. Goodyear ¼ to $15 and Uniroyal ⅛ to $3⅛.

General Motors, which announced plans to sell an electric car in 1984 and said it would achieve higher fleet fuel efficiency than required by law, gained ⅜ to $49⅛.

NCR advanced 3⅜ to $61⅛. The company forecast a profit gain for the year despite a first-half decline.

THE AMERICAN SE Market Value Index put on 1.76 to 310.35 at 1 pm on volume of 4.35m shares (4.64m).

Republic National Bank added ⅛ at $71. It has plans for a three-for-one stock split.

Canada

Stock prices were inclined to move higher in another large business yesterday morning. The Toronto Composite index rose 7.9 to 2,151.2, while the Oil and Gas index improved 36.0 to 5,063.5, but Golds retreated 60.4 to 4,529.9.

Pipeline issues were active and higher. Transmountain Pipe rose ⅛ to C$13 and Transcanada Pipe ⅛ to C$25⅛. Alberta Gas Trunk "A," the most active Toronto industrial issue on 151,065 shares, climbed 1⅜ to C$35⅛.

Tokyo

Late "cheap" buying concentrated in speculatives, large-asset issues and Fisheries, following reports that Zenko Suzuki, a former agriculture *minister, is virtually certain to* be Japan's new Prime Minister, left the market firmer-inclined again after a fair turnover of 300m shares (270m).

The Nikkei-Dow Jones Average closed 34.17 higher at 6,789.71 and the Tokyo SE index added 1.59 at 468.80, while rises on the *First Market section* outnumbered falls by 357 to 273.

The market welcomed the probable choice of Suzuki as leader, believing his appointment would help political stability, dealers said.

Non-ferrous Metals, Machinery Manufacturers, Chemicals, Constructions, Oils, *Trading Houses* and high-priced Light Electricals were also favoured.

Tokio Marine Insurance gained Y8 to Y615, Mitsubishi Y12 to Y657, Mitsui Real Estate Y7 to Y529, Nippon Sinsan Y7 to Y212 and Sony Y20 to Y2,220, while Nichiro Fisheries, Nisshin Spinning, Jujo Paper and Osaka Transformer were among other strong spots.

Nippon Oil, Y1,440, recouped Y30 more of its recent fall, while Teikoku Oil moved ahead Y110 to Y1,150.

However, Vehicles were mostly lower following news that an investigation into the U.S. motor industry will be speeded up. Nissan Motor retreated Y13 to Y636.

Germany

Bourse prices further receded on lack of foreign interest and in the wake of discouraging domestic economic news. The Commerzbank index ended 3.9 lower at 728.4.

Retailers suffered especially *sharp losses,* which dealers mainly attributed to growing consumer hesitancy amid constant news about a general downtrend in the West German economy. Neckermann fell DM 10.00 to DM 114.50 accompanied by rumours that the company may reduce its capital. Karstadt shed DM 2 to DM 228 on reporting only a slight rise in first-half turnover. Kaufhof declined DM 5.50 and Horten DM 3.80.

Among Motors, Mercedes lost DM 4 and Daimler DM 3.50, while in Engineerings, Linde receded DM 4.50.

Public Authority Bonds rose further, gaining up to 40 pfennigs, while the Bundesbank sold DM 41.3m nominal of paper after sales of DM 37.4m on Tuesday.

Paris

Profit-taking on the gains of the previous *five sessions* left most prices lower on the Paris stock exchange after fairly active trading.

Brokers described the session as one of consolidation, saying it was to be expected that the market would take a breather after having gained almost 5 per cent in the space of 13 sessions. The signal for the downturn came from the easier overnight Wall Street tone.

Australia

The Mining and Oil sectors were in easier mood on increased profit-taking. However, Industrials continued to show a firming tendency, and helped by the occasional bright exception to the downtrend in the Minings group, the Sydney All Ordinaries index improved 2.06 more to 928.86.

Southern Pacific receded another A$2 to A$24 and its Rundle shale oil partner Central Pacific lost A$3 more to A$87. Elsewhere in Oils, Woodside lost 5 cents to A$3.30, Bridge 5 cents to A$3.90, Monarch Petroleum 25 cents to 95 cents, Offshore 4 cents to 43 cents, Vamgas 20 cents to A$6.90 and Beach 2 cents to A$1.83.

Bougainville Copper gained 7 cents to A$2.75 and Central Norseman Gold 10 cents to A$12.00, but elsewhere in Minings, Emperor lost 10 cents to A$2.30, North Kalgoorlie 7 cents to A$1.75, Ashton 12 cents to A$2.78 and Coal and Allied 25 cents to A$12.35.

Banks were firmer, with BNS Wales 5 cents harder at A$2.85.

Johannesburg

Gold shares closed modestly easier after active trading, affected by the downturn in the international Bullion price.

Heavyweight producers were around *50 to 125 cents lower,* but among the Gold Fields group of companies, Libanon and Doornfontein gained 35 and 25 cents respectively against the trend after Tuesday's quarterly results.

Among mainly lower Mining Financials, GFSA shed 50 cents to R95.50. De Beers closed unaltered at *R11.60 after fluctuating* narrowly following higher CSO diamond figures.

Coppers and Platinums were mixed, while Industrials recorded scattered mixed movements.

Hong Kong

After a slow start marked by continued profit-taking, shares mostly strengthened in fairly active dealings on mainly local interest. The Hang Seng index, after a temporary setback of about 14 points on Tuesday, improved 0.0 to 1,081.44.

Hotchison Whampoa advanced 40 cents to HK$ 11.00, Cheung Kong 30 cents to HK$ 16.40 and China Light 30 cents to HK$ 21.50.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Further sharp fall in London sugar price

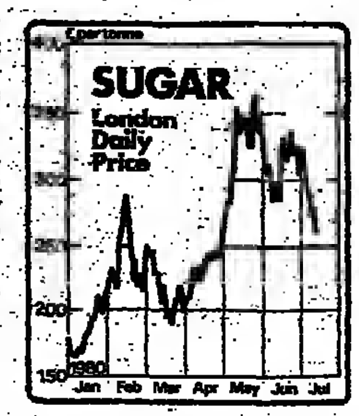
BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD SUGAR prices fell sharply again yesterday, following further heavy selling by speculators. The London daily price for raw sugar was cut by £19 to £261 a tonne. The futures market collapsed by the permissible limit down of £20 in the morning and fell further in the afternoon, before rallying in late trading. The October position on the No. 4 contract moved from a high of £322 to a low of £290 before closing at £301.75 a tonne, £21.75 down on the previous close.

No one is quite certain why the sugar market has fallen from the five-year peak levels reached in late May, when the daily price reached £362 and futures traded over £400.

At that time is was generally being predicted that production of sugar would continue to be well below demand and, therefore, prices were likely to keep on rising. However, it appears that anticipation of a possible shortage developing in 1981 drove prices higher than justified by the present supply-demand situation.

Consumer demand has been hit by the higher price levels, with buyers being far more cautious. There are fears that consumption may not match up to earlier expectations, while the high prices could well stimulate increased production—the traditional pattern in the world sugar market.



Bearing in mind the drop in demand for actual sugar, it has proved impossible to sustain the rising price trend especially in the absence of any more "bullish" moves.

Speculators, who played a hig role in pushing prices np too fast and furiously, have become increasingly nervous and started to take their profits, or restrict their losses, by selling out in increasing volume. The downtrend has been accelerated by "short" selling, particularly from speculstors who follow the charts.

There were signs of a technical rally last night, which could be the start of a recovery now that futures have come more into line with the physical market. But many speculators, who have suffered heavy losses in the past month or so, might be reluctant to come back in again so soon unless there is some important crop setback or political development affecting the market.

Meanwhile the EEC Commission yesterday rejected all offers for exports of white sugar at its weekly selling tender—the first of the new season.

It set the export levy at a zero rate, compared with a rate of 3.509 ECUs per kilo last week, to take account of the fall in the world market. But exporters are reluctant to hid at the moment in view of the general uncertainty.

Coffee at 16-month low

By Our Commodities Staff

THIS WEEK'S decline in coffee prices continued yesterday with the September position on the London *futures* market falling £43.50 to £1,384 a tonne—the lowest level since March last year. September delivery coffee has now fallen £350 in a month.

The fall is expected to trigger a special meeting of the International Coffee Council to consider market support measures. A meeting must be held within 14 days if the composite 20-day average indicator price falls below 168.27 cents a lb. Yesterday morning it stood at *168.42 cents.*

The market fall has defied efforts by Latin American producers to shore up prices by announcing that they will not export at current levels. These include Brazil, Mexico, Colombia, Honduras, El Salvador, Nicaragua and Guatemala.

London cocoa futures prices also fell yesterday with the September quotation ending £18 down at £1,048.5 a tonne.

New copper cathode contract sought

BY OUR COMMODITIES EDITOR

THE INTRODUCTION of a new high-grade copper cathode on the London Metal Exchange—"geared to the needs of the industry in the '80s"—is being sought by the British Non-Ferrous Metals Federation.

In the Federation's annual report, *out yesterday, it is suggested* that the new high-grade contract, needed to reflect the increasing trade in premium copper, could run in parallel with the *existing* cathode contract. The wirebars contract, it notes, must have a limited future as conventional rod rolling of copper gives way to continuous casting.

The report expects a surplus of production in the second half of 1980, subject to the uncertainty over the renewal of the U.S. workers' labour contracts.

Reviewing prospects for the main suppliers to the UK market, it is predicted that output will rise in Canada and Zambia from last year's setbacks. It notes that the Zimbabwe settlement should pave the way for an improvement in shipments from the African copperbelt.

Agency reports yesterday, *however, cast* doubts on *the* claim that the Benguela railway had re-opened allowing copper from Zaire and Zambia to be shipped via Lobito Port in *Angola.* The Unita guerrilla group said the railway had not re-opened and it now appears that only limited shipments, mainly of manganese, from Zaire have been made. Zambia at present is sticking to its existing exit routes via South Africa.

On the London Metal Exchange yesterday there was a general decline in prices, following the downtrend in gold. Silver and platinum values fell

Dock strike hits Danish bacon

By Richard Mooney

SUPPLIES of Danish bacon to the UK market are running low as a result of a strike by Danish dockers.

Dockworkers have been on strike for five days in support of a pay claim and this has prevented the shipment of *about 5,000 tonnes of Danish* bacon and pork to Britain, according to Mr. Dyrlov Madsen, a director of ESS-Foods, which handles Danish imports to this country.

About £6m-worth of Danish meat is sent to Britain each week through the port of Esbjerg, where the dockers work. Some shipments have been moved across land and ferried from Germany, but this has not prevented a shortage developing on the UK market.

Even if the strike is called off immediately shipments scheduled to arrive on Tuesday will now not come till early next week, a London official of ESS-Food said yesterday.

"Already there is a shortage of bacon at the wholesale level in Britain," he added.

French egg imports 'help UK market'

FRENCH EGG traders claim they are helping the British market by importing smaller grades of eggs, for which UK *demand is weak, and exporting larger grades,* which are popular *in Britain.*

They told a representative of the British National *Farmers' Union this week* that they could not be held responsible if British retailers sold their eggs in a way which could mislead the consumer. *This* was a reference to the recent controversy about French eggs being passed off in Britain as home produce.

Mr. Bill Leeke, chairman of the NFU poultry committee, returning from a fact-finding trip to Brittany, said he had told leading French egg packers and producers of the concern felt by UK producers about the effect of imports on their market.

"They pointed out, however," he said, "that France is still a net importer of eggs and egg products."

POTATOES

Rain brings promise of high yields

BY DAVID RICHARDSON

AN OPTIMISTIC old potato grower once told me he liked potatoes as a crop because "you never know how big a yield you've got until the day you dig them." Clearly the element of surprise appealed to him, and had he been alive to dig some this month he might have been very agreeably surprised indeed.

For, although many potato growers were worried for *several weeks after April* planting that there would be insufficient soil moisture to produce good yields, that situation has now reversed. There has, in fact, been so much rain in some places that the lifting of second early crops has been impossible at times. So, although national supplies of potatoes are more than adequate—and likely to remain that way through the coming year—a few "weather markets" have been created recently which have proved very profitable to those who could deliver.

The situation was not so straightforward a few weeks ago, however, when subsidised imports of Greek and Spanish potatoes, among others from Mediterranean countries, created chaos among British first early growers. Prices collapsed and there were cries of "foul play" from the traditional UK growing areas of Cornwall and South Wales. Peter Walker, the Minister of Agriculture, imposed a temporary ban on such imports and succeeded in making the *exporting countries* remove their subsidies. But not before UK early potato prices had dropped to what growers claimed were uneconomic *levels,* given the relatively low yields of very early harvested crops.

Now that second earlies are being harvested, however, there are few complaints from growers. Yields, swelled by recent rain, are mainly between 10 to 14 tonnes per acre, which is two to three tonnes above normal for this time of year.

Market prices, in spite of re-opened import possibilities, have seldom been below £70 per tonne and on a few odd days, when supplies have been short because rain had stopped lifting in some areas, they have risen as high as £140 per tonne.

This means that even farmers with only average yields and prices have been grossing close to £1,000 an acre, which even in these inflationary times must show a useful profit. Most contracts for canning potatoes for this year carried a price tag of around £125 per tonne, so that the high yields have enabled growers for those outlets to do well too.

It should be remembered, however, that only a relatively small proportion of potato growers can and do grow for those early markets. Geographical, soil and climatic constraints make it impossible for most to contemplate such outlets. And the profit outlook for this year's maincrop — the harvesting of which will not begin until September — is much less encouraging.

Potential yields of maincrop will, of course, have benefitted from recent rains just like those of earlies. The wet weather has, however, brought with it the serious risk of blight against which crops will now need to be expensively sprayed every 10 to 14 days until mid-September. Some disease will, as always, go unchecked with inevitable loss of saleable yield and quality.

But the main influence on potential profit will, paradoxically, be the high yields now fairly widely and confidently expected. The Potato Marketing Board attempts each year to control the acreage grown through its quota system. This year's target was 415,000 acres, but actual plantings, when they are finally calculated, are expected to be about 420,000 acres.

This relatively minor over-planting would not in itself be considered serious, but together with above average yields will almost certainly lead to surplus supplies on the market and a significant fall in ex-farm prices.

Anticipating that probability, the P.M.B. on June 10 invited growers to offer $12\frac{1}{2}$ per cent of their expected tonnage for purchase by the Board at prices *related* to the Government's guarantee scheme.

This meant that potatoes delivered according to the Board's instructions during November and *December 1980* will be paid for at £41 per tonne, rising by stages during 1981 to £52 next June and July.

The prices offered are not *very attractive,* but *they are,* of course, only intended to skim off some of the potential surplus in the hope of holding market prices steady. When the offer closed on July 4 around 350,000 tonnes (of a target 0.5m) had been contracted to the PMB, although Board officials expected that late applications, *still in* the post, would take the figure closer to their proposed optimum.

Some such farmers have turned *their attention* to the new Potato Futures Market, which opened in the middle of June. Indeed, it has been argued that by using this new facility it is possible to secure a better ultimate ex-farm price than by using the PMB's scheme.

It is equally possible, of course, if markets go against predicted patterns, to lose a great deal of money as some commodity traders know to their cost. In any event at least one potato marketing co-operative in the Eastern Counties is considering dealing in futures on behalf of its members.

Few individual potato growers, I suspect, will be tempted to trade in futures. They regard the market as a place for speculators, not farmers, and perhaps more to the point, very few of them fully understand how it works.

Ban on Spanish imports ends

BRITAIN has lifted its import ban on Spanish new potatoes following the removal of the Spanish export subsidy. The *Department of Trade said yesterday that from midnight* traders would no longer need individual import licences to import new potatoes from Spain. The ban was *imposed* on Spanish and Greek potatoes last month because of the subsidies which allowed them to undercut prices of home produce.

Prospects for late UK harvest

By John Cherrington, Agriculture Correspondent

TIME WAS when the annual lunch of the Home Grown Cereals Authority had the very breath of harvest. Invariably as I remember the Minister of Agriculture, a regular guest, was presented with a sample of first cut winter barley. Then we had the prophecies, highly larded by self-interest. The merchants always claimed prospects to be excellent while farmers warned that yields were bound to be down. An argument that lasts right through the year.

At this year's lunch yesterday however, Mr. Peter Walker said nothing about the harvest. Instead he looked forward to the time, if he is still in office, when he will be presiding over the Council of Agricultural Ministers and trying to lead his fellow EEC Ministers away from the nitty-gritty of day-to-day details towards a consideration of the whole scope of the Common Agricultural Policy.

Perhaps the absence of a grain sample gave a better indication of this year's harvest situation. In a normal year there could have been one from somewhere on the south coast. This time, harvest looks like being late with winter barley not starting for some time and wheat being delayed perhaps until September in many places. The longer the present dull cold weather lasts, the less likely it is that the *grain* will mature of a good size and weight.

End to grain ban denied

WASHINGTON — Bob Bergland, U.S. Agriculture Secretary, has rejected a recommendation by Presidential candidate Ronald Reagan that the grain embargo against the Soviet Union be ended.

Mr. Bergland told a group of agricultural officials the embargo has been effective, and cited Press reports of labour unrest due to food shortages in the Soviet Union.

He said the aim is to generate enough internal unrest so the USSR withdraws troops from Afghanistan and is forced to turn its attention to the demands of Soviet consumers for a higher standard of living and better diets.

Mr. Bergland said the USSR has never been a consistent customer for U.S. grain.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gave ground on the London Metal Exchange. The falls in gold and *silver upset the market from the outset,* with forward metal dipping from £925 to £923 before recovering to £925 on the morning kerb. In the afternoon a weak opening on Comex caused a further setback in London where forward metal fell to £916 before closing the late kerb at £917.5. Turnover 10,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	901-2	−8.75	894-6	−8.5
3 months	884-5	−8.75	917-8	−7.75
Settlem't	902	−9.5	—	.....
Cathodes				
Cash			867-9	−9
3 months	875-6	−10	893-5	−18
Settlem't	899-901	−9.5	—	.....
U.S. Prod	875	−10	*97-101	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £902, 01, three months £921, 22, 23, 23.5, 25, 24. *Cathodes,* cash £874, 75, three months £900. Kerb: Wirebars, three months £925, 24.5, 25, 26. Afternoon: Wirebars, three months £919, 20, 19, 18, 17.5, 17, 17.5. Cathodes, cash £868. Kerb: Wirebars, three *months* £918, 17, 18, 17.5, 17, 16, 17, 16.5, 16, 16.5, 17.

TIN—Easier following a fall of Penang, the weakness of gold and silver, and hedge selling. Forward metal opened at £7,220 and fell away to £7,185 in the morning. *During the* afternoon covering against American physical business prompted a minor rally to £7,230 but three months came under renewed pressure to close the late kerb at £7,215. Turnover 785 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7195-200	−87.5	7205-15	−82.5
3 months	7175-85	−105	7220-30	−47.5
Settlem't	7200	−90	—	.....
Standard				
Cash	7195-200	−87.5	7205-15	−82.5
3 months	7175-85	−105	7220-30	−47.5
Settlem t	7200	−90	—	.....
Straits E.	‡$2151	−30		.....
NewYork		.....		

Morning: Standard, cash £7,195, three months £7,210, 7,200, 7,195, 90. High Grade, three months £7,210. Kerb: Standard, three months £7,185. Afternoon: Standard, cash £7,210, three months £7,195, 7,200, 02, 7,200, 10, 20, 30. Kerb: Standard, three months £7,220.

LEAD—Little changed on balance. After opening at £347 forward metal dipped to around £340, reflecting the trend in copper, but then rallied to £344 owing to trade buying and short-covering. In the afternoon the fresh decline in copper encouraged further selling and forward metal dipped to £342 before ending the late kerb at £343.5. Turnover 9,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	336-7	−4.25	336-7	−1.5
3 months	344-5	−4	344-5	−1
S'ment	337	−4	—	.....
U.S. Spot	—	.....	*34-6	.....

Morning: Cash £337, 36, three months £340, 41, 42, 42.5, 43, 44. Kerb: Three months £345, 44.5, 44. Afternoon: Three months £342, 43, 43.5, 44, 44.5. Kerb: Three months £344.5, 43.

ZINC—Moved narrowly prior to ending the afternoon kerb a £312.0. Turnover 6,550 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	301-.5	−1.75	299-300	−2.25
3 months	312-.3	−1	310-.1	−1.75
S'ment	301.5	−2.5	—	.....
Primw'ts	—	.....	*35.5	.....

Morning: Cash £301, 01.25, 01, three months £312, 13, 12. Afternoon: Three months £311.5, 11.

ALUMINIUM—Steady, reflecting a *slight tightening in the nearby supply* situation. After opening around £712.5 three months metal edged up to close the late kerb at £715, after touching £716. Turnover 8,925 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	723-.5	−2.75	725-.5	+1
3 months	714.5-5	−3.25	715-6	−1

Morning: Cash £722.5, three months £712, 13, 14, 15. Kerb: Three months £714. Afternoon: Cash £726, three months £714, 16, 15. Kerb: Three months £714, 15, 16.

NICKEL—Lost further ground owing to the weakness of other metals which prompted general liquidation in nickel. Forward metal dipped to £2,780 on the morning kerb but steadied in the afternoon to close the late kerb at £2,795. Turnover 336 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2760-70	−65	2755-65	−40
3 months	2790-5	−70	2785-95	−15

Morning: Three months £2,780, 2,790, 2,800, 2,790. Kerb: Three months £2,790. Afternoon: Three months £2,785, 90. Kerb: Three months £2,790.

* Cents per pound. ‡ M$ per picul. † On previous unofficial close.

SILVER

Silver was fixed 17.2p an ounce lower for spot delivery in the London bullion market yesterday at £7.10. U.S. equivalents of the fixing levels were: Spot $17.004, down 46.6c; three-month $17.394, down 46.4c; six-month $17.855, down 44.5c; and 12-month $18.714, down 45.9c. The metal opened at *£7.05-£7.20 ($16.75-$17.05)* and closed at £6.83-£6.91 ($16.20-$16.40).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	716.00p	−17.2	684p	−45
3 months	744.50p	−17.4	715p	−44
6 months	770.00p	−17.0	—	.....
12 months	814.60p	−16.8	—	.....

LME — Turnover 276 (188) lots of 10,000 ozs. Morning: Cash 713, three months 742, 41. Kerb: Three months 743, 42. Afternoon: Three months 727, 26, 27, 25, 24, 25, 24.9, 25, 28, 21, 20, 17, 15, 14. Kerb: Three months 714, 10, 09, 12, 11, 08, 06, 05.

COCOA

Initially £10 lower, futures declined further during an indifferent afternoon session and closed quietly some £20 below Tuesday evening levels, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1038-1040	−15.0	1043-1032
Sep	1048-1049	−18.0	1056-1038
Dec	1088-1090	−20.5	1100-1084
March	1127-1128	−22.0	1142-1125
May	1148-1150	−21.5	1162-1150
July	1168-1172	−16.5	1182-1172
Sept	1190-1195	−16.5	1202-1200

Sales: 1,893 (1,329) lots of 10 tonnes.

COFFEE

COFFEE	yesterday's Close (£ per tonne)	+ or —	Business Done
July	1332-33	−49.5	1355-15
Sept	1383-85	−43.5	1410-83
Nov	1416-17	−31.0	1435-81
January	1420-28	−30.0	1452-18
March	1400-10	−30.5	1425-85
May	1400-20	−35.0	—
July	1400-40	−75.0	—

Sales: 7,129 (4,557) lots of 5 tonnes.

ICS indicator prices for July 8 (U.S. cents per pound): Other Mild Arabicas 159.33 (187.50). Robustas ICA 1976 151.50 (155.50). ICA 1968 151.75 (155.75). Unwashed Arabicas 206.50 (207.50). Comp. daily ICA 1968 178.81 (180.50).

GRAINS

LONDON GRAIN FUTURES—Wheat opened unchanged to 5p lower in fairly quiet trading. Values increased with good shipper buying to close steady unchanged to 25p higher. Barley values increased in thin volume with good buying interest in September and November to close steady unchanged to 25p higher on the day close, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept	95.55	+0.10	91.45	+0.15
Nov	98.50	+0.15	96.50	+0.25
Jan	105.15	.....	99.35	+0.10
Mar	106.85	+0.25	102.80	.....
May	110.00	+0.20	105.90	+0.15

Business done—Wheat: Sept. 95.60-95.50, Nov. 99.35-99.10, Jan. 103.25-103.05, March 106.65-106.40, May 110.00-109.60. Sales: 148 lots of 100 tonnes. Barley: Sept. 91.50-91.25, Nov. 95.50-95.20, Jan. 99.30-99.10, March 102.65-102.45, May 105.90-105.90. Sales: 82 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Aug. 99.50, Sept. 100, Oct. 101.50 transhipment East Coast. *U.S. Hard* Winter, $13\frac{1}{2}$ per cent, July 92.50 transhipment East Coast. English Feed fob Sept. 99.75, Oct.-Dec. 103.50 East Coast. Maize: French July 114 transhipment East Coast. S. African Yellow July-Aug. 80. Barley: English Feed fob 93.75, Jan.-March 105.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 95.00, E. Midlands 91.30.

RUBBER

The London physical market opened easier, with fair interest at lower levels, closing on a quiet note. Lewis and Peat reported a Malaysian godown price *of 290 (293) cents a kg (buyer, August).*

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug	58.40-58.70	59.20-59.90	—
Sept	60.40-59.80	60.30-61.00	—
Oct-Dec	61.70-62.00	62.50-62.60	62.30-61.00
Jan-Mar	65.10-65.20	65.60-65.90	65.30-65.10
Apr-Jne	67.90-68.00	68.60-68.70	68.60-67.90
Jly-Sept	70.50-70.60	71.10-71.50	71.00-70.60
Oct-Dec	72.90-73.00	73.60-73.90	73.50-73.30
Jan-Mar	75.60-75.70	76.20-76.30	75.90
Apl-June	78.10-78.20	78.70-78.60	78.60-78.20

Sales: 544 (327) lots of 15 tonnes, none at 5 tonnes.

Physical closing prices (buyer) were: Spot 57.75p (58.50p); Aug. 61.75p *(62.25p), Sept.* 62.25p (62.75p).

SOYABEAN MEAL

The London *market* opened firm with gains of £2.00 on trading buying, reports T. G. Roddick. Prices drifted on *news of rains received in major* growing areas and renewed buying interest held prices steady at lower levels. The market finished with gains of £1.50.

	Yest'rday Close (£ per tonne)	+ or —	Business Done
August	108.00-09.4	+1.05	110.00-08.00
October	110.30-10.5	+1.35	111.40-08.50
December	113.50-13.7	+1.65	114.50-11.50
February	116.40-16.5	+1.55	117.50-16.50
April	117.30-18.5	+0.95	—
June	118.80-22.0	+1.75	—
August	118.50-23.5	+1.75	—

Sales: 192 (97) lots of 100 tonnes.

COTTON

LIVERPOOL—For the third trading day in succession, no spot or shipment sales were recorded. Operators *were extremely cautious and avoided* any commitments at all. Minor support was evident in some Middle Eastern qualities but interest was again at a very low ebb.

SUGAR

LONDON DAILY PRICE (raw sugar): £261.00 (£280.00) a tonne cif for July-Aug. shipment. White sugar daily price was £281.00 (£307.00).

Opening trades in the nearby positions were some £4-£3 below kerb levels with the 1981 accounts offered at the £20 limit decline. The 1980 months fell further during the morning and on the reopening March fell to £314. Good support was uncovered at the lows and prices recovered some *£8 by the close, reports C. Czarnikow.*

No. 4 Contract	Yest'rdays Close (£ per tonne)	Previous Close	Business Done
Aug	279.00-80.50	301.00-04.00	280.00-275.0
Oct	301.50-02.00	323.00-24.00	322.00-290.0
Jan	309.05-09.50	333.50-38.00	315.00-98.00
Mch	322.00-22.25	345.00-45.25	349.50-12.00
May	318.50-19.00	340.50-41.00	335.00-19.50
Aug	311.00-12.00	333.00-35.00	320.10-04.00
Oct	305.00-06.00	324.00-27.00	307.00-298.0

Sales: 16,337 (8,064) lots of 50 tonnes.

NUMBER 2 CONTRACT — Close (in order buyer, seller, business, sales). Aug. 288.00, 290.00, 316.50-280.00, 1,554; Oct. 309.50, 310.00, 338.00-303.00, 5,455. *Sales: 7,009 (3,036).*

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.60 (same) a tonne for home trade and £370.00 (£384.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 8: Daily price 25.57 (28.26); 15-day average 31.02 (31.26).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 359, 363, 361-359, 4; Oct. 363, 365, 363, 3; Dec. 364, 366, 363, 1; Jan. 365, 370, 366, 2; March 370, 372, 369, 2; May 370, 374, 367, 5; Aug. 374, 376, 375, 7; Oct. 373, 378, 375, 5; Dec. 373, 378, 376-373, 7. Sales: 39.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July *473.0, 474.0, 476.0-472.0, 33; Oct.* 458.0, 459.0, 460.5-458.5, 15; Dec. 462.0, 463.0, 464.0-462.0, 50; March 464.0, 465.0, 466.0-465.0, 25; May 465.5, 466.5, 467.0-466.0, 12; July 467.0, 470.0, 470.0-470.0, 4; Oct. 467.0, 470.0, ——, ——; Dec. 467.0, 470.0, 470.0-470.0; 6. Sales: 146.

POTATOES

LONDON POTATO FUTURES—After opening steady values eased slightly during the session before again firming towards the close. Some fears for crop quality due to rot caused by the continuing wet weather appear to be causing bullish sentiment among some traders, reported Coley and Harper. Closing prices: Nov. 46.20, +10 (high *46.20, low 45.80); Feb. 53.00,* unchanged (high 53.00, low 52.90); April 60.10, +10 (high 60.10, low 59.90). Turnover: 33 (38) lots of 40 tonnes.

★

HIDES—Leeds: Market unchanged. *Second clears.* Ox 31-35.5 kilos, 33.6p a kilo (34.3p a kilo); 26-30.5 kilos, 38.0p (38.0p); 22-25.5 kilos, 46.1p (40p). Light cows 39p a kilo (39.3p).

★

GRIMSBY FISH—Supply good, demand *fair. Prices* at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.60, codlings £1.80-£3.00. Large haddock £3.50-£4.50, medium £2.20-£3.50, small £1.20-£2.30. Large plaice £4.60-£5.50, medium £4.60-£5.40, best *small* £3.00-£4.00. Skinned dogfish (large) £6.50-£7.00, medium £4.00. Lemon soles (large) £6.50, medium £5.50. Saithe £1.60-£1.60.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 63.5 to 69.0; Ulster hindquarters 76.0 to 80.0, forequarters 41.0 to 44.0; Eire hindquarters 75.4 to 79.2, forequarters 40.8 to 42.9. Lamb: English small 64.8 to 69.2, medium 63.0 to 68.0, heavy 60.0 to 62.0. Imported frozen: New Zealand PL 61.0 to 62.0, PM 57.0 to 59.0. Pork: English, under 100 lb 41.0 to 48.0, 100-120 lb 40.0 to 47.5, 120-160 lb 38.0 to 45.5.

MEAT COMMISSION — Average fatstock prices at representative markets on July 8. GB cattle 76.35p per kg lw (−2.58). UK sheep 134.05p per kg est dcw (−15.38). GB pigs 67.86p per kg lw (+0.64).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: 54/113s 3.60-4.40; Cypriot: Valencia Lates 3.80-4.50; Californian *Sunkist:* Valencia Lates 72/113s 4.50-5.80; Outspan: Navels 3.80-4.95. Lemons—Italian: 100/150s 4.60-5.00; Spania: Trays 25/45s 1.80-2.40, boxes 4.50-5.50; S. African: 8.00-6.90. Grapefruit—Outspan: 4.00-5.25; Texan: Pink *flesh* 7.50-8.00. Apples—New Zealand: Sturmer Pippins 10.00, Granny Smith 10.50, Red Dougherty 12.00; Tasmanian: Sturmer Pippins 8.80, Crofton 12.00; S. African: Golden Delicious 10.50-10.80, Granny Smith 10.00-10.80; Dutch: 22 lb Golden Delicious 3.20; French: *40 lb boxes, Golden Delicious* 138/198s 8.50-9.50, 20 lb 4.50-5.00; Italian: Jonathans/Romes 40 lb 8.50-9.00. Pears—Spanish: Morettini per pound 0.25-0.30; Victorian: Josephines 13.00-14.00, Packhams 14.00-15.00, Winter Nelis 11.00-12.00. Peaches—Spanish: Yellow flesh 1.60; Italian: $1\frac{1}{2}$ trays 1.80-4.00; French: 2.00-2.40; Greek: 1.80-2.80. Plums—Spanish: Red 1.80-2.50, Yellow 1.30, Caviora trays 7 lb 1.30-1.40, boxes 2.00-2.80, Burbanks boxes 1.80-2.20; Italian: Florentine 23 lb 3.50. Apricots—Spanish: 2.50-2.80; Greek: 4.50. Grapes—Per pound Cypriot: Cardinal 0.70, Perlette 0.70, Sultana 0.85; Portuguese: Cardinal 0.50; Israeli: approx. 9 lb 5.40. Melons—Israeli: Calio 4.00; Spanish: Merina 5/6s 2.40, Ogen 3.50, Galia 3.50, Yellok 10 kilos 4.00-6.00. Water-Melons—Israeli: 5.00; Spanish: 3.50. Bananas—Jamaican: 29 lb, per pound 0.17. Tomatoes—Dutch: 3.00-3.10; Guernsey: 2.50-3.00; Jersey: 2.90; French: 2.40. *Onions—Spanish:* 6.20-6.40; Texan: 7.50; French: 6.40. Potatoes—Cypriot: New crop 20 kg 4.00; Jersey: 4.40. Carrots—French: 26 lb 2.60; Italian: 2.20. Beetroots—Cypriot: New crop, approx. 28 lb 1.50. Cabbages—Dutch: *White* 2.80-3.20. Courgettes—French: per pound 0.25. Capsicums—Dutch: 4.00; Italian: 3.60; Spanish: 3.60.

English Produce: Potatoes—Per bag, new 2.40-2.70. Mushrooms—Per pound 0.40-0.65. Apples—Per pound Bramley 0.14-0.22. Strawberries—English per ½ pound 0.15-0.25. Cabbages—Per bag 1.00. Cauliflowers—Per 12s English 2.00-2.50. Peas—Per pound 0.20. Broad Beans—Per pound 0.09. Beetroots—Per bag 2.00. Cucumbers—Trays 10/20s 1.30-1.50. Tomatoes—Per 12 lb 2.60-2.80. Lettuce—Per pound round 0.50-0.80, Cos 1.00, Webbs 1.00. Carrots—New crop 28 lb 2.60-3.30. Rhubarb—Per pound outdoor 0.06. Onions—Per bag 0.00-6.40. Celery—English 12/30s 2.80-3.00. Gooseberries—Per pound 0.13-0.15, Levellers 0.20-0.30. Cherries—Per pound 0.50. Marrows—Each 0.25.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 9 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1720/1740	+10	$1720/40
Copper			
Cash w'bar	£895	−8.5	£841
3 mths	£917.5	−7.75	£861.6
Cash Cathode	£868	−9	£818.5
3 mths	£894	−8	£841.5
Gold troy oz	$663.5	−19	$608
Lead Cash	£336.5	−1.5	£303
3 mths	£344.5	−1	£310.75
Nickel	£3,248.55	.....	£3,248.55
Freemkt (cif lb)	280/310c	.....	270/300c
Platin'mtr'y oz	£182.50	.....	£182.50
Free mkt	£294.75	−8.85	£277.40
Quicksilver†	$395/405	.....	$380/390
Silver troy oz	716.0p	−17.2	661.5p
3 mths	744.40p	−17.4	688.55p
Tin Cash	£7,210	+62.5	£7,250
3 mths	£7,295	−47.5	£7,276
Tungsten 22.04 lb	$143.85	.....	$141.73
Wolfrm 22.04 lb	$143/146	.....	$138/145
Zinc cash	£299.5	−2.25	£282.5
3 months	£310.5	−1.75	£295.25
Producers	$780	.....	$780
Oils			
Coconut (Phil)	$645u	.....	$648.50
Groundnut	‡	.....	‡
Linseed Crude	£410	.....	£391
Palm Malayan	$555z	−2.5	$560
Seeds			
Copra Philip	$450v	+10	$420
Soyabean (U.S.)	$305.35x	+6.9	$264.95
Grains			
Barley Futures	£95.50	+0.25	£95.50
Maize			
French No3AM	‡	.....	‡
Wheat			
No.1 Red Spg.	‡	.....	‡
No2HardWint	£93.50	−1.25	‡
Eng. Milling†	‡	.....	‡
Other commodities			
Cocoa ship't	£1,094	−25	£1,199
Future Sept.	£1,048.5	−18	£1,157.5
CoffeeF't Sept.	£1,384.5	−45.5	£1,719.5
Cotton A.Index	85.70c	−0.50	83.90c
Rubber (kilo)	57.75p	−0.75	61p
Sugar (Raw)	£251	−19	£286
Wooltp's 64s kl.	290p kilo	.....	294p kilo

u July-Aug. v Sept. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

AMERICAN MARKETS

NEW YORK, July 8.

PRECIOUS METALS ran into further profit-taking and sold off sharply. Sugar finished mostly limit down on heavy margin calls. Coffee was without trade support and producer selling drove prices lower. Short-covering pushed cocoa closes fractionally to moderately higher. Good trade buying in *cotton and copper* helped the markets higher. Grains ran into heavy profit-taking and closed sharply lower. Cattle markets were higher on high receipts, while the pork complex generally finished lower, reported Heinold.

Copper—July 96.80 (96.00), Aug. 97.46 (96.70), Sept. 98.25-98.40, Dec. 99.20-99.60, Jan. 99.80, March 101.00, May 102.20, July 103.30, Sept. 104.40, Dec. 106.05, Jan. 107.60, March 108.70, May 109.80. Sales: 5,800.

Potatoes (round whites)—Nov. 77.1-77.5 (78.0), March 97.1-97.5 (97.4), April 117.1-117.7. Sales: 1,155.

Sugar—No. 11: Sept. 28.25-28.35 (29.30), Oct. 29.47 (30.97), Jan. 30.65, 30.20-30.25, Sept. 29.35-29.45, Oct. 29.25-29.35. Sales: 16,930.

Tin—772.00-781.00 asked (778.00-799.00).

CHICAGO, July 8.

Lard—Chicago loose 19.50 (same). New York prime steam unavailable.

Live Cattle—Aug. 71.47-71.40 (70.75), Oct. 69.00-69.07 (68.65), Dec. 69.30-69.40, Jan. 69.80, Feb. 70.00-70.05, April 70.50-70.60, June 71.75.

Live Hogs—July 42.50-42.45 (42.75), Aug. 40.90-40.85 (41.45), Oct. 40.40-40.30, Dec. 43.40-43.30, Feb. 45.40-45.85, April 45.25, June 47.00, July 47.40, Aug. 47.35.

‡‡Maize—July $293\frac{1}{2}$-293 (298), Sept. $301\frac{1}{4}$-$301\frac{1}{2}$ ($305\frac{1}{4}$), Dec. $308\frac{3}{4}$-309, March $320\frac{3}{4}$-321, May 328, July $331\frac{1}{4}$-331.

Pork Bellies—July 38.95-39.10 (40.57), Aug. 38.65-38.55 (40.05), Feb. 54.90-54.80, March 54.97, May 55.80, July 55.75, Aug. 55.10.

Silver—July —— (1670.0), Aug. 1640.0 (1680.0), *Sept.* 1656.5, Oct. 1671.0, Dec. 1705.0, Feb. 1742.0, April 1776.0, June 1810.0, Aug. 1844.0, Oct. 1878.0, Dec. 1912.0, Feb. 1946.0, April 1980.0, June 2014.0, Aug. 2048.0, Oct. 2082.0.

†Soyabeans—July $705\frac{1}{2}$-$704\frac{1}{2}$ ($727\frac{3}{4}$), Aug. 714-711 ($734\frac{1}{2}$), Sept. $718\frac{1}{2}$-719, Nov. 737-733, Jan. 750-$749\frac{1}{2}$, March 766-765, May 680, July 790.

‖Soyabean Meal—July 191.5 (197.5), Aug. 193.3-192.8 (199.6), Sept. 195.0-196.0, Oct. 198.0-197.5, Dec. 203.5-202.5, Jan. 205.0-205.8, March 210.5-211.0, May 213.5-214.0, July 219.0, Aug. ——.

Soyabean Oil—July 25.00 (25.39), Aug. 25.15-25.10 (25.42), Sept. 25.35-25.30, Oct. 25.50-25.60, Dec. 25.90-26.00, Jan. 26.05, March 26.30-26.35, May 26.60, July 26.80, Aug. 26.95-26.95.

†Wheat—July $419\frac{1}{2}$ ($434\frac{1}{4}$), Sept. 430-$428\frac{1}{2}$ ($443\frac{3}{4}$), Dec. 445-447, March *480-$482\frac{1}{2}$, May $467\frac{1}{2}$, July $467\frac{1}{2}$.*

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 9.

Maize—Afloat $144, July $145, Aug. $146, Sept. $148, Oct.-Dec.t $152.50, Jan.-March $162, April-June $165.

Soyabeans—U.S. Two Yellow Gulfports spot $294.50, afloat $293, July $292, Aug. $295, Sept. $298, Oct.-Nov. $304.75, Dec. $310.50, Jan. $314.50, Feb. $320.5, March $323.60, April $325.75, May $329 sellers. Argentine July $291, Aug. $291.25, Sept. $299 *sellers.*

Soyameal—44 per cent protein U.S. afloat $233 traded, afloat $235, July $233.50, Aug. $242, Sept. $245, Oct. $249, Nov.-March $259 sellers. Brazil Pellets July $248, Aug. $253, Sept. $257, Oct. $262.

PARIS, July 9.

Cocoa (FFr per 100 kilos)—July 980, Sept. 990-1010, Dec. 1016-1022, March 1045-1075, May 1060-1070, July 1065-1060. Sales at call 0.

Sugar (FFr per 100 kilos)—Aug. 2700-2728, Oct. 2825-2830, Nov. 2920, Dec. *2890-2920, March 3035-3070, May 3000,* July 3000, Aug. 3000. Sales at call 6.

INDICES

FINANCIAL TIMES

July 8	July 7	Mnth ago	Year ago
271.70	272.60	296.71	295.75

(Base: July 1, 1952=100)

MOODY'S

July 8	July 7	M'nth ago	Year ago
1184.7	1184.2	1120.5	1081.5

(December 31, 1931=100)

DOW JONES

Dow Jones	July 8	July 7	Month ago	Year ago
Spot	418.83	426.82	425.47	415.19
F'tur s	439.17	444.69	438.18	427.87

(Average 1924-25-26=100)

REUTERS

July 9	July 8	M'nth ago	Year ago
1676.0	1691.3	1653.7	1586.1

(Base: September 18, 1931=100)

U.S. report on silver holdings

In Washington, several members of the Commodwity Exchange Board of Governors held substantial "short" positions in silver futures in the period from September 1979 to April 1980, a U.S. Senate Banking Committee staff member said, reports Reuter.

A summary of the report, to be published shortly showed that on January 17, 1980, just before the Board vote to raise margin requirements, 11 Comex board members held net short positions of 7,800 contracts or 39m oz of silver, he said.

William Proxmire, Banking Committee chairman, has said he will investigate the apparent conflicts of interest by the participation of Board members holding silver contracts in decisions affecting the silver market.

£3m flood plan for South Wales

WORK WILL start soon on a £3m plan to protect thousands of homes from the type of floods which devastated parts of south Wales six months ago.

A new system of defences and channels, taking three years to build, will make it possible for more than 11m gallons of water in the River Taff to pass safely through Cardiff every minute, and will be able to cope with a size of flood expected only once a century.

BASE LENDING RATES

- A.B.N. Bank ..... 16 %
- Allied Irish Bank ..... 16 %
- American Express Bk. 16 %
- Amro Bank ..... 16 %
- Henry Ansbacher ..... 16 %
- A P Bank Ltd. ..... 16 %
- ■ Arbuthnot Latham ... 16 %
- Associates Cap. Corp. 16 %
- Banco de Bilbao ..... 16 %
- Bank of Credit & Cmce. 16 %
- Bank of Cyprus ..... 16 %
- Bank of N.S.W. ..... 16 %
- Banque Belge Ltd. ... 16 %
- Banque du Rhone et de la Tamise S.A. ..... $16\frac{1}{2}$ %
- Barclays Bank ..... 16 %
- Bremar Holdings Ltd. 17 %
- Brit. Bank of Mid. East 16 %
- ■ Brown Shipley ..... 16 %
- Canada Perm't Trust... 17 %
- Cayzer Ltd. ..... 16 %
- Cedar Holdings ..... 17 %
- ■ Charterhouse Japhet ... 16 %
- Choulartons ..... 17 %
- C. E. Coates ..... 16 %
- Consolidated Credits ... 17 %
- Co-operative Bank ..... *16 %
- Corinthian Secs. ..... 16 %
- The Cyprus Popular Bk. 16 %
- Duncan Lawrie ..... 16 %
- Eagil Trust ..... 16 %
- E. T. Trust Limited ... 17 %
- First Nat. Fin. Corp.... $19\frac{1}{2}$ %
- First Nat. Secs. Ltd. ... 19 %
- Robert Fraser ..... 18 %
- Antony Gibbs ..... 16 %
- Greyhound Guaranty .. 16 %
- Grindlays Bank ..... 16 %
- ■ Guinness Mahon ..... 16 %
- ■ Hambros Bank ..... 16 %
- ■ Hill Samuel ..... §16 %
- C. Hoare & Co. ..... †16 %
- Hongkong & Shanghai 16 %
- Industrial Bk. of Scot. $17\frac{1}{2}$ %
- Keyser Ullmann ..... 16 %
- Knowsley & Co. Ltd. ... 18 %
- Langris Trust Ltd. ..... 16 %
- Lloyds Bank ..... 16 %
- Edward Manson & Co. 17 %
- Midland Bank ..... 16 %
- ■ Samuel Montagu ..... 16 %
- ■ Morgan Grenfell ..... 16 %
- National Westminster 16 %
- Norwich General Trust 16 %
- P. S. Refson & Co. ... 16 %
- Rossminster ..... 16 %
- Ryl. Bk. Canada (Ldn.) 16 %
- Schlesinger Limited ... 16 %
- E. S. Schwab ..... 16 %
- Security Trust Co. Ltd. 17 %
- Standard Chartered ... 16 %
- Trade Dev. Bank ..... 16 %
- Trustee Savings Bank 16 %
- Twentieth Century Bk. 16 %
- United Bank of Kuwait 16 %
- Whiteaway Laidlaw ... $16\frac{1}{2}$ %
- Williams & Glyn's ..... 16 %
- Wintrust Secs. Ltd. ... 16 %
- Yorkshire Bank ..... 16 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits $14\frac{1}{4}$%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 $14\frac{1}{4}$% and over £25,000 $14\frac{1}{2}$%.
‡ Call deposits over £1,000 14%.
§ Demand deposits $14\frac{1}{2}$%.

Strong Gilt-edged market ignores adverse influences
Gains late in dealings stretch to £1½—Equities dither

Account Dealing Dates

Option			
*First Dealings	Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 9 am two business days earlier.

Yields in excess of 13 per cent on longer-dated Government stocks attracted further inflows of foreign investment funds to the London market yesterday. With the continued help of a basically strong pound, an influence also motivating domestic institutional and smaller buyers of Gilt-edged, quotations soon regained opening falls ranging to ½ which had reflected some apprehension over the threat posed by the miners' wage claim to Government economic policy.

A disappointingly high Central Government Borrowing Requirement for the past quarter, and particularly in June, failed to check the advance and the longs were showing fresh rises extending ot 1½ points late in the evening. Such was the strength of the late tone that there is a strong possibility that the new £20-paid long tap stock, Treasury 12 per cent 1987, may be exhausted in first-time dealings today; applications yesterday were allotted in full at the minimum tender price. Continuing the recent trading pattern, shorter-dated issues were often eclipsed by events in the longs.

The Government Securities index yesterday gained 0.34 to 70.73, its highest since October 18 last and nearly 11 per cent up from the 1980 low recorded four months ago.

Equity markets were also initially subdued by reports on Tuesday's mineworkers' conference. Leading shares began easier but, with the Gilt market later exerting stability, were quick to rally in trading conditions much thinner than recently. Investment demand remained selective and led to good gains in specific stocks, but the overall trend was illustrated by the mixed hourly movements of the FT 30-share index: from a fall of 3.2 at 10 am, it rallied to stand 2.5 higher at 2 pm before slipping to close just 0.3 up on the day.

Demand for Traded options was much reduced from recent levels and only 1,412 contracts were completed as against 2,161 on Tuesday. Shell were reasonably active with 270 deals completed.

Lloyds & Scottish up

Hopes of further cuts in interest rates continued to attract buyers to selected Hire Purchases. Lloyds and Scottish closed 5 to the good at 163p, while London Scottish Finance edged forward a penny to 38p. Due to begin the clearing bank interim dividend season tomorrow week, Lloyds improved further to 338p before closing a net 3 up at 335p. Allied Irish gained 4 to 116p in response to the chairman's encouraging statement and Bank of Ireland appreciated 5 to 310p in sympathy.

Against the easier trend in Insurances, Trade Indemnity added 15 to 205p. Sun Alliance eased 8 to 688p and Phoenix 4 to 260p.

A shade firmer immediately in front of the annual figures, H. P. Bulmer fell to 194p before settling for a net loss of 2 at 196p following the chairman's bearish comments on current trading. Leading Breweries, easier for most of the session, found late support and often closed a penny better.

Leading Buildings picked up from a dull start to close little changed on balance. Elsewhere, Burnett and Hallamshire rose 25 for a two-day gain of 45 to 710p in a thin market reflecting the company's coal interests and the planned redevelopment of the industry. In contrast, Heywood Williams shed 8 for a two-day fall of 12 to 60p on reservations about the preliminary results. A favourable Press mention helped Aberdeen Construction add 3 to 140p, while UBM firmed 3½ to 73½p on steady buying. G. H. Downing's preliminary results were deemed satisfactory and the price closed 3 harder at 113p, after 114p.

After opening lower at 382p, ICI rallied to 388p before drifting off in the late dealings to close a couple of pence cheaper on balance at 384p. Stewart Plastics put on 6 for a two-day gain of 10 to 100p, after 102p, in response to an investment recommendation.

Harris Queensway recover

Down 30 on Tuesday following a downgraded profits forecast from the company's brokers, Harris Queensway found support and rallied 9 to 152p. Ratners added a penny to 61p awaiting today's annual results, but Foster Bros. fell 4 to 90p despite the slightly bullish tone of the chairman's statement at the annual meeting. The leaders finished with modest losses, although a firmer trend was discernible after the market's close and Marks and Spencer gained the turn to 96p, after 97p.

Plessey highlighted Electricals with a rise of 9 to 207p, after 208p, on persistent speculative support. Thorn EMI hardened a couple of pence to 308p ahead of tomorrow's preliminary results but GEC, at 442p, lost 4 on profit-taking after the recent good rise following the excellent results. Renewed investment demand prompted a further improvement of 11 to 630p in Ferranti, while rises of 15 and 20 respectively were recorded in Sony, 435p, and Wholesale Fittings, 690p. Derritron hardened a penny to 26 despite the final dividend omission and annual deficit but Sound Diffusion came on offer and shed 4 to 69p.

Narrow irregular price movements were the order of the day in the Engineering leaders. Tubes hardened 2 to 278p but Hawker softened that much to 222p. John Brown eased a penny to 52½p; the annual figures are due on July 25. Elsewhere, Ransomes Sims and Jefferies were supported up to 170p for a rise of 8 on the day, while Victor Products closed 7 to the good at 195p. Anderson Strathclyde improved a penny to 95p in response to Press comment. Sporadic offerings in an unwilling market led to a reaction of 3 to 8p in Braham Millar while Babcock relinquished a similar amount to 98p.

Recently firm Supermarkets turned dull on profit-taking with Associated Dairies easing 6 to 178p and Nurdin and Peacock shedding 8 to 154p. Bejam lost 4 to 80p and Kwik Save a couple of pence to 118p. Elsewhere in the Food sector, British Sugar gave up 8 to 230p while nervous selling ahead of today's interim results left Watson and Philip 2½ cheaper at 39p.

Among Hotels and Caterers, Kennedy Brookes came in for support and added 3 to 88p, but Rowton Hotels eased 3 to 172p, after 168p, in a thin market on the chairman's cautious remarks at the annual meeting.

J. H. Fenner good

Buying fuelled by talk that a broker's favourable circular is being prepared helped J. H. Fenner rise 11 to 154p among miscellaneous industrials. Demand ahead of Monday's preliminary figures prompted a gain of 8 to 144p in Vinten, while De La Rue added 10 to 780p, after 790p, on hopes of share-slimming proposals being announced shortly. Still reflecting optimism that BTR will attempt a second bid next month, Bestobell rose 4 further to 286p, while investment demand left ICL 6 better at 164p. Comment on the record profits caused London Midland Industries, at 115p, to lose 7 of the previous day's gain of 8, while Sotheby's softened 10 to 545p on nervousness awaiting today's interim results. Morgan Crucible lost 6 to 144p and Hay's Wharf gave up 3 to 255p. Down 10 the previous day following adverse comment on the annual report, Beecham initially rallied to 152p before easing afresh late to finish a net penny down at 148p. Glaxo gave up 2 more to 232p in sympathy, while Boots relinquished 4 to 212p. Unilever contrasted with a rise of 9 to 509p on investment support.

Dunlop featured otherwise subdued Motor Components, rising 4 to a 1980 peak of 83p following strong buying from London sources.

Press comment highlighting the company's recovery prospects helped John Waddington to rise 8 to 130p for a gain of 14 since the preliminary statement on Tuesday.

Properties registered scattered gains following a broker's circular. Land Securities firmed 5 to 350p and Hammerson A 7 to 485p. Dacian hardened a couple of pence to 160p awaiting today's annual results.

Carless dull

Confirmation of a significant oil discovery immediately south of the Ninian Field made no apparent impact on the Oil sector which remained overshadowed by recent adverse Press comment. British Petroleum slipped to 354p prior to closing a net 2 up at 360p. Among the more speculative issues, Candecca met late support and rose 9 to 205p, but Carless Capel became unsettled by the chairman's cautious remarks at the annual meeting and shed 11 to 128p. Fresh interest was shown in Aran Energy which put on 18 to 468p, but Sovereign lost 7 to 268p and I C Gas relinquished 10 to 850p. Following the quiet official London listing of Global Natural Resources common shares on Tuesday, selling developed and the price fell 25 to 440p.

Still awaiting details of a new gold and uranium mine, Lonrho attracted an exceptionally good turnover and touched 116p before closing 6 up at 115p.

Recent excitement in Investment Trusts subsided, but a few useful gains were noted. Camellia rose 8 more to 488p, while Caledonia, 295p, and Rothschild, 370p, gained 4 and 6 respectively. In Financials, Akroyd and Smithers improved 7 for a two-day jump of 27 at 325p. Support was also shown for Mercantile House, 16 better at 272p.

The odd firm spot appeared in Textiles. Hollas jumped 7 to 83p in response to substantially higher full-year profits and a confident accompanying statement, while David Dixon encountered revived speculative support and picked up 6 at 122p.

In Tobaccos, late buying lifted Imperial 1½ to 89½p; the interim results are due today.

Charter surge ahead

An otherwise depressed mining sector was featured by Charter Consolidated which moved ahead strongly throughout the day in the wake of heavy and persistent demand to close 18 up at a 1980 high of 230p reflecting the possible benefits that could accrue from the BP takeover of Selection Trust. The last-mentioned edged up ¼ to £12¼ following American support.

Other London Financials came under pressure from profit-taking and the easier trend in the bullion price—finally $19 lower at $663.50 an ounce.

Gold Fields dipped 8 to 552p, while Tanks gave up a like amount to 332p, the latter ahead of the quarterly report from the Ashton diamond venture in Western Australia. Rio Tinto-Zinc fell 5 to 467p, after 465p.

South African Golds drifted on lack of interest and the reaction in the bullion price. Little selling pressure was reported but the Gold Mines index fell 4.6 to 369.2.

Among the heavyweights, Kloof fell ¾ to £13¾ and East Driefontein to £11¼ following the lower profits in the June quarter. Medium- and lower-priced issues showed South African Land 31 off at 453p and Deelkraal 8 cheaper at 261p.

South African Financials were generally a shade firmer despite the setback in Golds. De Beers hardened 5 more to 425p on consideration of the half-year diamond sales figure from the Central Selling Organisation.

Australians suffered a sharp setback reflecting the weakness of overnight Sydney and Melbourne markets which was followed by sizeable profit-taking in London. However, the market tended to steady in the after-hours' trade owing to modest "cheap" buying.

The speculatives were particularly affected with losses of between 6 and 12 common to Monarch Petroleum, 50p, Otter Exploration, 96p, Samantha Exploration, 106p and Allstate, 90p.

Hoama Gold fell to 178p but recovered to close a net 4 cheaper at 188p. Strata Oil were well supported and finished only 2 easier at 98p. Ashton Mining and Northern Mining both ended around 6 lower at 134p and 135p respectively in front of the quarterly report. In Golds, GMK gave up 10 at 436p, North Kalgurli 7 to 92p and Poseidon 6 to 217p.

FINANCIAL TIMES STOCK INDICES

—	July 9	July 8	July 7	July 4	July 3	July 2	A year ago
Government Secs.	70.73	70.39	70.34	69.97	69.92	69.50	72.95
Fixed Interest	71.66	71.56	71.43	71.17	71.08	70.81	74.72
Industrial	493.0	492.7	495.0	485.8	480.1	463.6	456.8
Gold Mines	369.2	373.8	364.1	360.6	358.4	351.4	151.2
Ord. Div. Yield	7.36	7.36	7.34	7.50	7.50	7.75	6.69
Earnings, Yld. % (full)	17.90	17.91	17.84	17.98	18.13	18.76	16.77
P/E Ratio (net) (*)	6.77	6.77	6.79	6.76	6.71	6.48	7.84
Total bargains	26,926	30,667	27,696	26,151	22,555	22,725	—
Equity turnover £m.	—	211.34	146.90	171.09	159.78	223.39	80.73
Equity bargains total	—	24,829	20,295	19,784	18,492	16,409	12,812

10 am 489.5. 11 am 492.2. Noon 493.7. 1 pm 494.9. 2 pm 495.2. 3 pm 495.2.

Latest Index 01-246 8026

* Nil = 8.31

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.73 (9/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.66 (9/7)	64.70 (19/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	495.0 (7/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (25/6)	265.5 (19/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 9	July 8
—Daily		
Gilt Edged	101.2	164.1
Industrials	146.1	162.2
Speculative	50.3	53.6
Totals	96.5	113.9
5-day Avge.		
Gilt Edged	131.4	136.1
Industrials	144.4	146.0
Speculative	56.6	59.8
Totals	98.4	97.7

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (211)

BRITISH FUNDS (42)
LOANS (1)
AMERICANS (2)
CANADIANS (1)
BANKS (2)
BEERS (4)
BUILDINGS (10)
CHEMICALS (3)
DRAPERY & STORES (4)
ELECTRICALS (9)
ENGINEERING (12)
HOTELS (2)
INDUSTRIALS (25)
INSURANCE (1)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (2)
PAPER (7)
PROPERTY (13)
SHIPPING (2)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (65)
OVERSEAS TRADERS (2)
MINES (1)

NEW LOWS (18)

BUILDINGS (2)
Carron Heywood Williams
CHEMICALS (1)
Arrow Chemicals
ELECTRICALS (1)
Jones Stroud
ENGINEERING (3)
Bailey (C. H.) Crosby [illegible]
Braham Millar
FOODS (1)
Banks (Sidney C.)
INDUSTRIALS (7)
Bellerive [illegible]
Denbyware [illegible]
Duraplpe [illegible]
Fogarty (E.)
PAPER (1)
Delyn
SHIPPING (1)
Manchester Liners
MINES (1)
Hemerdon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	82	4	[illegible]
Corpns. Dom and Foreign Bonds	3	11	52
Industrials	253	256	[illegible]
Financial and Prop.	121	121	335
Oils	11	28	14
Plantations	4	4	15
Mines	26	36	37
Others	37	56	85
Totals	537	556	1,347

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979 based on Tuesday, July 8.

Mining Finance	+ 52.99
Merchant Banks	+ 48.32
Insurance (Life)	+ 44.88
Hire Purchase	+ 42.20
Gold Mines F.T.	+ 39.17
Electricals	+ 36.98
Shipping	+ 36.64
Investment Trusts	+ 36.38
Property	+ 32.88
Electronics, Radio and TV	+ 31.95
Building Materials	+ 30.65
Entertainment and Catering	+ 27.68
Insurance (Composite)	+ 27.28
Capital Goods Group	+ 27.10
Insurance Brokers	+ 26.91
Financial Group	+ 25.17
Discount Houses	+ 23.34
All-Share Index	+ 22.78
Contracting and Construction	+ 22.51
Overseas Traders	+ 22.08
Other Groups	+ 21.71
Industrial Group	+ 21.25
Consumer Goods (Non-Durable) Group	+ 21.20
Tobaccos	+ 20.16
500 Share Index	+ 20.10
Consumer Goods (Durable) Group	+ 19.85
Mechanical Engineering	+ 19.82
Pharmaceutical Products	+ 19.53
Packaging and Paper	+ 18.66
Stores	+ 19.43
Metal and Metal Forming	+ 19.37
Breweries	+ 17.95
Newspapers and Publishing	+ 17.84
Chemicals	+ 16.83
Oils	+ 15.83
Food Retailing	+ 15.49
Food Manufacturing	+ 14.10
Engineering Contractors	+ 12.08
Textiles	+ 11.58
Office Equipment	+ 10.17
Wines and Spirits	+ 10.19
Banks	+ 7.81
Motors and Distributors	− 1.21
Household Goods	− 11.12
Toys and Games	− 42.76

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Wed., July 9, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., July 8 Index No.	Mon., July 7 Index No.	Fri., July 4 Index No.	Thur., July 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	271.65	+0.1	17.03	6.03	7.12	271.25	268.11	262.23	255.73	240.29
2	Building Materials (28)	259.11	+0.1	17.50	6.43	6.72	258.93	255.66	251.15	243.93	222.31
3	Contracting, Construction (27)	399.02	+0.3	23.13	6.13	5.15	397.82	387.28	377.90	366.26	355.93
4	Electricals (16)	754.58	+0.2	13.10	3.46	9.47	752.84	750.12	726.17	710.20	573.60
5	Engineering Contractors (11)	325.24	+0.9	20.88	7.97	6.01	322.44	312.83	310.34	306.43	378.66
6	Mechanical Engineering (74)	179.47	—	17.80	7.36	6.88	179.46	176.86	173.74	169.06	179.65
8	Metals and Metal Forming (16)	171.52	—	21.08	9.90	5.69	171.52	169.56	167.94	164.54	165.67
11	CONSUMER GOODS (DURABLE) (49)	228.28	—	14.13	5.64	8.71	228.19	228.10	222.97	218.98	225.84
12	Lt. Electronics, Radio, TV (14)	337.24	−0.2	10.90	4.04	11.68	337.96	338.44	329.56	322.23	308.17
13	Household Goods (14)	102.94	−0.5	23.25	10.27	5.45	103.46	101.98	102.11	100.66	159.36
14	Motors and Distributors (21)	103.34	+1.0	22.19	9.60	5.24	102.37	102.06	100.46	99.94	115.18
21	CONSUMER GOODS (NON DURABLES) (172)	239.54	−0.2	17.24	6.71	7.00	240.12	240.09	235.85	231.33	232.05
22	Breweries (14)	305.09	−0.4	14.83	6.03	7.87	306.45	305.64	301.16	292.41	274.20
23	Wines and Spirits (5)	321.58	−0.4	16.94	5.81	7.27	322.92	320.12	309.59	303.57	305.94
24	Entertainment, Catering (17)	349.24	—	16.53	6.40	7.50	349.15	349.80	342.09	336.07	312.05
25	Food Manufacturers (21)	216.86	−0.1	18.53	6.88	6.35	216.99	216.50	214.15	209.65	202.22
26	Food Retailing (13)	333.69	−1.8	12.62	4.74	9.46	339.64	337.47	331.86	325.26	292.99
32	Newspapers, Publishing (13)	449.87	−0.6	21.22	6.50	6.36	452.76	453.98	455.88	448.99	420.68
33	Packaging and Paper (15)	137.51	+0.6	25.99	9.52	4.47	136.74	136.46	134.18	131.55	123.27
34	Stores (42)	225.97	−0.2	13.60	5.45	9.48	226.41	227.73	223.28	221.24	237.24
35	Textiles (24)	140.15	—	23.31	11.08	5.22	140.11	140.47	139.13	136.67	155.95
36	Tobaccos (3)	239.86	—	24.59	9.74	4.61	239.09	238.18	232.14	224.53	239.82
37	Toys and Games (5)	27.30	+0.2	44.54	13.97	2.60	27.24	26.95	27.25	27.25	70.18
41	OTHER GROUPS (99)	227.29	−0.2	16.34	6.77	7.27	227.81	228.85	225.70	221.04	197.36
42	Chemicals (16)	322.77	−0.5	19.23	7.46	5.95	324.45	326.53	323.39	321.67	269.48
43	Pharmaceutical Products (7)	231.05	−0.4	10.95	5.96	11.29	231.95	241.07	235.18	225.72	213.55
44	Office Equipment (6)	114.88	−0.2	19.09	7.27	5.99	114.32	112.95	112.52	107.11	118.62
45	Shipping (10)	581.63	+0.4	13.20	6.07	9.24	579.49	584.76	571.14	566.09	453.83
46	Miscellaneous (60)	277.71	—	16.32	6.56	7.51	277.72	274.52	271.16	264.80	239.45
49	INDUSTRIAL GROUP (492)	251.54	−0.1	16.75	6.47	7.19	251.83	251.32	246.76	241.60	232.26
51	Oils (8)	807.71	+0.1	28.59	6.37	3.86	806.63	802.91	823.35	824.30	695.35
59	500 SHARE INDEX	295.61	−0.1	19.18	6.45	6.11	295.90	295.04	292.31	287.57	269.29
61	FINANCIAL GROUP (118)	228.35	—	—	5.50	—	228.26	228.47	224.59	221.89	189.34
62	Banks (6)	238.47	+0.4	40.91	6.82	3.00	237.54	236.39	233.04	229.92	234.40
63	Discount Houses (10)	270.57	—	—	6.53	—	270.48	265.29	263.26	262.84	264.83
64	Hire Purchase (5)	238.76	+1.6	13.09	4.19	9.92	235.11	234.16	226.22	223.03	164.33
65	Insurance (Life) (10)	225.45	−0.5	—	5.65	—	226.56	226.09	220.09	216.81	151.47
66	Insurance (Composite) (9)	153.92	−0.6	—	6.99	—	154.86	156.43	153.17	151.01	122.06
67	Insurance Brokers (9)	333.85	−1.6	13.92	6.86	9.87	339.29	343.75	334.63	326.05	243.39
68	Merchant Banks (13)	132.45	−0.5	—	5.09	—	133.12	132.68	132.85	131.58	97.69
69	Property (45)	422.97	+0.7	3.31	2.74	42.54	420.23	420.53	414.23	411.94	349.64
70	Miscellaneous (11)	138.83	+0.5	15.83	6.28	8.03	138.19	137.77	137.25	136.33	118.88
71	Investment Trusts (109)	261.33	−0.4	—	5.32	—	262.51	254.78	251.73	245.06	208.73
81	Mining Finance (4)	248.03	+0.1	10.88	3.98	11.08	247.76	243.26	245.63	239.49	117.30
91	Overseas Traders (19)	406.36	+0.2	12.31	6.89	9.98	405.65	401.53	398.65	390.68	334.35
99	ALL-SHARE INDEX (750)	281.98	−0.1	—	6.14	—	282.14	280.95	278.10	273.53	246.17

FIXED INTEREST PRICE INDICES

	British Government	Wed., July 9	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.56	+0.15	0.07	5.26
2	5-15 years	113.43	+0.53	—	6.77
3	Over 15 years	118.40	+0.76	—	7.39
4	Irredeemables	132.03	+0.54	—	7.24
5	All stocks	112.43	+0.50	0.03	6.40

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Wed., July 9	Tues., July 8	Year ago (approx.)
1	Low Coupons	5 years	11.47	11.54	10.28
2		15 years	11.43	11.51	10.71
3		25 years	11.43	11.51	11.28
4	Medium Coupons	5 years	12.89	12.95	12.20
5		15 years	12.95	13.06	12.28
6		25 years	12.90	13.02	12.24
7	High Coupons	5 years	13.01	13.06	12.44
8		15 years	13.32	13.41	12.61
9		25 years	13.24	13.35	12.57
10	Irredeemables		11.11	11.17	10.64

		Wed'day, July 9 Index No.	Yield %	Tues. July 8	Mon. July 7	Friday July 4	Thurs. July 3	Wed. July 2	Tues. July 1	Mon. June 30	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.53	13.89	53.35	53.19	53.08	53.04	53.00	52.99	53.00	57.56
16	Investment Trust Prefs. (15)	49.97	13.54	49.97	49.97	49.97	49.52	49.52	49.34	49.34	52.09
17	Coml. and Indl. Prefs. (20)	64.67	15.96	64.61	64.50	64.42	64.46	64.46	64.35	64.38	69.85

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Global National Resources	US$0.01	11	440	−25	505	280
European Ferries	25p	10	185	+ 1	189	98
Harris Queensway	20p	8	152	+ 9	208	136
Beecham	25p	7	148	− 1	160	108
Charter Cons.	25p	7	230	+18	230	134
De Beers Defd.	R0.05	7	425	+ 5	553	368
Lonrho	25p	7	115	+ 6	116	78
Plessey	50p	7	207	+ 9	208	108
Unilever	25p	7	509	+ 9	509	358
BAT Inds.	25p	6	287	− 3	290	223
BP	25p	6	360	+ 2	412	320
Eng. China Clays	25p	6	100	—	100	74
GEC	25p	6	442	− 4	452	326
ICI	£1	6	384	− 2	402	348
Shell Transport	25p	6	410	—	412	314

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17

For rate indications see end of Share Information Service

Money was given for the call in Dunlop, Sovereign, KCA, Berkeley Exploration, Pennine Motor, Town and City Properties, Negretti and Zambra, Lonrho, Muirhead, Courtaulds, Basic Resources, Central and Sheerwood, Airfix, FNFC, Lasmo and Montague L. Meyer. No puts were reported, but doubles were arranged in Muirhead, Lonrho and Dunlop.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. p or Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	505	280	Global Nat.Res.C.Shn	440	−25	—	—	—	—
75	F.P.	—	79	78	Harrison Cowley	78	−1	b3.95	2.0	7.1	9.9
55	F.P.	20/6	90	74	Home Farm Prodn10p	90		b2.9	2.5	4.6	12.3
—	F.P.	—	9	3	Hjenkin & Purser	7½	−⅝	—	—	—	—
85	F.P.	27/6	91	79	Oakwood Group	90	−1	b6.5	2.4	11.6	3.2
100	F.P.	27/6	110	91	Peerless	93	+1	b6.3	2.8	9.7	4.6
80	F.P.	—	112	106	††S.P.O. Minerals 10p	106		—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	Nil	23/7	14pm	9½pm	British Home Stores 9% Cnv. Ln. '92	13pm	.....
**	F.P.	22/8	101	96	Cowie (T.) 10½% Conv. Red. Cum. Pref.	95½	+ ½
100	F.P.	—	100½	100	Dale 8½% Conv. Bds. due 1995	100	.....
¶	F.P.	4/9	103½	101⅞	Folkestone & District Water 10pc Pref '85	103½	+ ½
**	F.P.	—	67½	63½	London & Midland Inds 8½ pc Deb. '89-94	67½	.....
¶	F.P.	4/9	103	101⅞	North Surrey Water 10pc Pref. 1985	103	.....
¶	£10	8/8	13	11½	South Staff. Water 9½% Rd. Pf. '85	13	+ ½

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
103	Nil	14/7	15/8	20pm	14pm	Astbury & Madeley	14pm	.....
132	Nil	23/7	9/9	28pm	14pm	Berisford (S. & W.)	28pm	+1
115	F.P.	4/7	1/8	144	124	Brown & Jackson	144	+4
100	F.P.	3/7	7/8	152	130	Carless Capel	130	−8
55	Nil	22/7	15/8	20pm	12pm	Charterhall	12pm	−2
50	Nil	—	—	41pm	37pm	Crest Nicholson	40pm	−1
54	F.P.	11/6	23/7	65	61	Eleco	64	.....
620	Nil	15/7	5/8	62½pm	25pm	Harrison & Crosfield	45pm	−9
40	F.P.	30/6	18/7	48	41½	Hawley Leisure	48	+2
79	Nil	—	—	20pm	11pm	Hazelwood Foods	30pm	+2
283	F.P.	1/7	16/8	348	307	Land Securities	348	+5
118	F.P.	3/6	18/7	154	124	Linfood	154	.....
126	Nil	—	8/8	165pm	127pm	Lloyds & Scottish	165pm	+7
52	Nil	—	—	6pm	3pm	Mallinson-Denny	4½pm	−1
60cts	Nil	—	—	435pm	180pm	Pancontinental	315pm	−10
99	F.P.	20/6	18/7	152	128	Silverminec	147	+5
12½	Nil	—	—	1pm	½pm	Thurgar Bardex	½pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

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Hope St. Fd. June 30 | US$39.52

Sentry Assurance International Ltd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

For Schlesinger Trust see Britannia/Schlesinger

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

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INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

90½	82¼	Aust. 5½pc '81-82	89¾	-½	6.23	13.29
82¼	72½	Do. 6pc 1981-83	82	-¼	7.27	12.92
64¾	58	N.Z. 7½pc 1988-92	64¼	-½	11.31	13.32
78¾	72	Do. 7½pc '83-86	78¼	-½	9.64	12.97
96¼	88	Sth. Africa 9½pc '79-81	95¼	-½	10.16	15.54
160	107	Sth. Rhod. 2½pc '65-70	153#	......	—	—
169	133	Do. 6pc '78-81	167#	......	—	—

LOANS

Public Board and Ind.

[illegible]

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FOREIGN BONDS & RAILS

[illegible]

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[illegible]

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[illegible]

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[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

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[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

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[illegible]

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[illegible]

MOTORS, AIRCRAFT TRADES

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[illegible]

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[illegible]

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[illegible]

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[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

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TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
25	21	Acmex 50c	22	−1	—	—	—
24	12	ACM 20c	18	−2	—	—	—
105	52½	Bond Corp.	103	.....	h02.8c	2.2	1.4
156	88	Bougainville I Kina	134	−4	h026.2c	1.8	10.7
265	195	BH South 50c	200	.....	♦—	—	—
25	11½	Canada Northwest	20½	−1	—	—	—
42	8	Carr Boyd 20c	32	−2	—	—	—
£36⅜	£15¼	Central Pacific	£32½	−⅞	—	—	—
256	230	Conzinc Riotinto 50c.	270	−6	Q15c	2.1	2.9
41	17	Cultus Pacific N.L.	36	−2	—	—	—
52	20	Eagle Corp. 10c	40	−3	—	—	—
27½	15¾	Endeavour 20c	23	−2	—	—	—
464	173	G. M. Kalgoorlie 25c	436	−10	†03c	—	0.4
46	15	Great Eastern	24	.....	—	—	—
457	260	Hampton Areas 5p.	430	−25	4.5	ϕ	1.5
192	30	Haoma Gold N.L.	188	−4	—	—	—
50	15	Intl. Mining	42	−3	—	—	—
720	80	Leichardt Expln.	220	.....	—	—	—
72	41	Metals Ex. 50c	59	.....	—	—	—
312	187	M.I.M. Hldgs. 50c	248	−2	††Q6.1c	1.8	3.3
21	7	Minefields Expl. 25c	21	.....	—	—	—
155	60	Mount Lyell 25c	90	−6	—	—	—
28	15	Newmetal 20c	20	.....	—	—	—
35	12	Nickelore N.L.	35	.....	—	—	—
207	137	North B. Hill 50c.	174	−2	†Q12c	1.4	3.6
101	44½	Nth. Kalgurli	92	−7	—	—	—
165	90	Nth. Mining Corp.	135	−5	—	—	—
164	24	N. West Mining N.L.	152	.....	—	—	—
235	144	Oakbridge $A1	205	.....	Q12c	4.7	3.0
153	70	Otter N. L.	125	−15	—	—	—
230	128	Pacific Copper	200	−10	—	—	—
465	255	Pancont'l 25c	335	−5	—	—	—
78	42	Paringa M&Ex 5p	63	−1	—	—	—
495	335	Peko-Wallsend 50c.	430	−10	†Q17.5c	ϕ	2.1
230	140	Seltrust A.	180	−10	—	—	—
£14¼	575	Southern Pacific	£12	−½	—	—	—
98	31	Swan Resources 20c.	94	.....	—	—	—
34	8	West Coast 25c	34	.....	—	—	—
274	177	Westn. Mining 50c.	268	−2	†Q7c	1.6	1.4
30	10	Westmex	21	.....	—	—	—
108	56	Whim Creek 20c.	100	−5	—	—	—
32	10½	York Resources	27	−1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
25	14	Amal Nigeria 1p	13	.....	j6.0	—	—
345	255	Ayer Hitam $M1.	295	−5	‡Q290c	0.9	‡
67	42	Beralt Tin	58xd	+2	4.5	3.2	11.1
225	149½	Berjuntai $M1	205	.....	‡Q95c	1.0	‡
230	153	Geevor	155	−5	8.4	1.9	7.7
11	10	Gold & Base 12½p	10½	.....	—	—	—
460	310	Gopeng Cons.	460	.....	†25.0	1.8	7.8
330	280	Hongkong	320xd	.....	†35.87	ϕ	‡
105	90	Idris 10p	94	+1	14.0	1.2	21.3
15	12½	Jantar 12½p	13	.....	1.5	ϕ	16.5
92	64	Kamunting $M0.50.	90	.....	Q47½c	1.1	11.8
250	150	Killinghall $M1	290	.....	hQ50c	ϕ	4.1
880	485	Malay Dredging $M1	755	.....	♦♦Q105c	2.6	2.8
33	26	Pahang	32	.....	0.44	0.3	2.0
108	90	Pengkalen 10p	90	−2	6.0	1.3	9.5
305	230	Petaling $M1	305	.....	†Q150c	1.4	10.3
70	57	Saint Piran	65#	.....	‡2.5	6.4	‡
44	22	South Crofty 10p.	22	.....	1.0	ϕ	6.5
350	180	South Kinta $M0.50.	313	+5	♦Q150c	1.0	10.2
525	340	Sthn Malayan $M1	505	−5	♦†Q175c	2.1	7.2
305	215	Sungei Besi $M1.	295	.....	†Q520c	1.0	36.0
39	22½	Supreme Corp. $M1.	38	.....	hQ8c	—	4.3
103	90	Tanjong 15p	100	−2	5.75	6.0	8.2
95	78	Tongkah H. Tin	80	.....	Q45c	1.3	12.6
330	220	Tronoh $M1	290	.....	Q250c	0.7	17.5

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
235	130	Messina R0.50	230	.....	mQ10c	ϕ	2.5

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
180	78½	Anglo-Dominion	150	+15	—	—	—
97	52	Barymin	57	.....	—	—	—
17	12	Burma Mines 10p	14½	.....	0.62	1.1	6.2
502	308	Cons. Murch. 10c.	340xd	.....	MQ100c	1.8	16.8
180	108	††Hemerdon 10c.	108	−7	—	—	—
585	325	Northgate C$1	415	−5	—	—	—
485	327	R.T.Z.	467	−5	15.0	3.2	4.6
33	16	Robert Mines	26	+2	—	—	—
58	26	Sabina Inds. C$1.	30	.....	—	—	—
51	44	††SWCM 10p	47	−2	—	—	—
650	411	Tara Expln. $1	443	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ *Merger bid or reorganisation in progress.*
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ¶ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending *scrip and/or rights issue.* H *Dividend and yield based on prospectus or* other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M *Dividend and yield based on* prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; zR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	31	.....
Bertam	16	.....
Bdg'wtr. Est. 50p	415	.....
Clover Croft	60	.....
Craig & Rose £1	£101½	.....
Fife Forge	32½	.....
Finlay Pkg. 5p	18	.....
Graig Ship. £1	£17	−½
Higsons Brew	77	.....
Holt (Jos) 25p	250	.....
I.O.M. Stm. £1	190	−2
Pearce (C. H.)	455	.....
Peel Mills	40	.....
Sheff. Refrshmt	102½	.....
Sindall (Wm.)	143	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£91¾	.....
Nat. 9¾% 84/89	£79¼	+⅛
Fin. 13% 97/02	£95⅝	.....
Alliance Gas	48	.....
Arnott	345	.....
Carroll (P.J.)	57	+3
Clondalkin	117	+1
Concrete Prods.	70	.....
Heiton (Hldgs.)	32	.....
Ins. Corp.	246	.....
Irish Ropes	45	.....
Jacob	32	.....
T.M.G.	87	.....
Unidare	80	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	0	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	13	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	3
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	
Gen. Accident	21	R.H.M.	4½	Ultramar	
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	
Grand Met.	12	Sears	5	Cons. Gold	
G.U.S. 'A'	34	Tesco	6	Lonrho	
Guardian	23	Thorn	23	Rio T. Zinc	
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	23		
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		U.D.T.	5½		

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FINANCIAL TIMES
Thursday July 10 1980

Car industry seeks 'dumping' probe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK motor industry is to ask the European Commission to investigate alleged dumping by the East Europeans, particularly the USSR and Poland.

At the same time, Japanese car makers were yesterday given a warning by both UK and West German ministers that protectionist pressures were building up in Europe.

In Tokio, Sir Ian Gilmour, the Lord Privy Seal and deputy foreign minister, urged the Japanese to restrain exports to Britain in line with the current decline in the total market. He was earlier given assurances by junior executives of Nissan, the group which makes Datsuns, the best-selling Japanese cars in the UK, that this was already being done.

Count Otto Lambsdorff, the West German economics minister, repeated that his government was firmly against any protectionist measures to limit Japanese car exports to West Germany. But the Japanese should understand that their concentrated export offensives "could bring confusion to the market."

Protectionist pressures were growing in the U.S. and in the EEC as a result of jobs being threatened and under these circumstances it would be difficult, "even for a country so committed to free trade as West Germany" to maintain its current position.

The UK motor industry has been directing its attention to countries other than Japan which also have a severe imbalance in trade in automotive products.

And the Society of Motor Manufacturers and Traders is about to put the finishing touches to its case alleging dumping against the East Europeans.

Imports of cars from Eastern Europe took only 2.3 per cent of the UK market in 1979 but Sir Barrie Heath, deputy president of the society, said yesterday: "The East Europeans are at the same stage of development as the Japanese were ten years ago.

"Some Western companies have helped the Comecon industries re-equip and a lot of that equipment has still to come into use."

The society pointed out in evidence to the Commons select committee on trade and industry yesterday that East European sales were concentrated in a narrow price band and accounted for 25 to 30 per cent of sales of cars priced below £3,000.

"Prices of East European cars are significantly below those of equivalent specifications exported from market economy countries," the society said.

Mr. David Andrews, executive vice-chairman of BL, pointed out that sales of East European cars in the UK have grown from 2,000 in 1970 to 28,000 in 1978 and 39,000 last year. "By comparison in 1979 the UK sold only 300 cars to Eastern Europe."

BL has registered concern over a long period about the pricing policies adopted by Eastern European manufacturers in the UK. It gave as an example at yesterday's select committee meeting a comparison between the Lada 1600ES, imported from Russia, and BL's Allegro 1500HL, similar cars of similar specification.

"However, although the Lada has optional equipment worth, in our estimation, some £200 more, the retail price of the Lada is £900 less (or 20 per cent) than that of the Allegro."

N. Sea oil and gas income expected to rise sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ACCORDING TO new Government estimates, revenues from North Sea oil and gas should rise by nearly three-quarters over the next two years.

The figures, published yesterday in the Treasury's monthly economic progress report, take account of the recent revision downwards of the expected level of production over the next few years. The assumptions are the same as those underlying the Government's medium-term financial strategy.

Government revenue is expected to rise from £2½bn in the current financial year, to £3¼bn in 1981-82 and £4¼bn in both the following years. These estimates are all at constant 1978-79 prices and would be much higher at current prices.

The Treasury has already estimated that its total revenue in 1980-81 will be £4.1bn at current prices. This is equivalent to roughly an 8p in the pound yield on the basic rate of income tax.

The Treasury points out that, although these figures represent a substantial increase, even in 1983-84 North Sea receipts will be less than 7 per cent than expected by the Government for that year.

Some economists in the private sector regard these estimates as too cautious, especially for the later years, and they argue that the Treasury is playing down the significance of North Sea oil.

The Treasury has also estimated that North Sea oil and gas production was equivalent to about 2½ per cent of the Gross National Product, total output last year, or £3.6bn at 1978-79 prices. Its contribution should rise to 3 per cent, or £5bn, this year, 4 per cent, £5.8bn in 1981 and 4 per cent, £6.7bn in 1982.

These estimates, at constant 1978-79 prices, reflect the slow rate of economic growth assumed in the medium-term strategy from 1981 onwards.

The Treasury stresses that while this is a significant proportion of GNP, it is less than the contribution from construction or agriculture and food.

If North Sea and world oil prices were 10 per cent higher than the assumptions underlying these estimates, then the annual yield in 1983-84 would increase by about £750m at 1978-79 prices.

The latest progress report also contains a statement of the Government's view about how monetary policy affects the economy.

The article concludes that, on the basis of past relationships, it is difficult to assess how long it takes for the benefit of a restrictive monetary policy to feed into a lower rate of inflation. Some part of the impact will come through quickly, especially if the exchange rate is floating.

The extent of the time lag will largely depend on how people react to the tight monetary policy when setting wages and prices.

Abbey doubles new home loan lending

BY MICHAEL CASSELL

ABBEY NATIONAL building society is to more than double its mortgage lending on new homes to stimulate housebuilding.

The initiative comes as building societies find it harder to attract sufficient customers to available mortgage funds.

Potential house-buyers are put off by the record mortgage rate, high property prices in relation to incomes, and the uncertain economic outlook.

The societies, including the Abbey, want to make it known that loans are fairly easily available and that most mortgage applicants have to wait only two or three weeks before offers are made.

With the prospects that building society receipts will begin to improve as competitive interest rates decline, the societies could encounter growing problems in meeting lending targets, increasing pressure on them for reduction in their own interest-rate structure.

The Abbey said yesterday it had allocated £275m for borrowers wishing to purchase any newly-built property during the rest of the year. In the first half of this year, the society advanced £123m to buyers of new homes.

Under the arrangement, loans on new houses will be made available with immediate effect to investors who have saved for six months. Until now, only those who had invested for two years received priority.

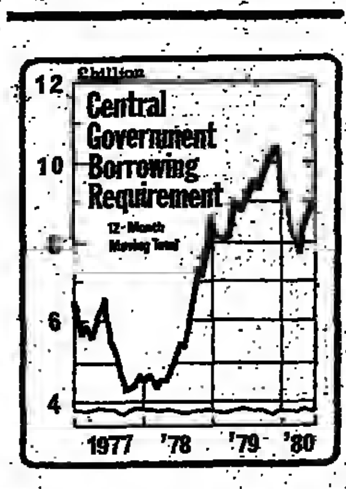
Mr Clive Thornton, Abbey chief general manager, said there was evidence the housing market was clogged by inactivity in the middle-price ranges.

"The market involving first-time buyers is not proving to be the sticking point. Over half all our loans are going to this type of borrower, who is generally opting for older, cheaper properties," he said.

THE LEX COLUMN

Elf plays fairy godmother

Index rose 0.3 to 493.0



French industrial policy tends to move in leaps and bounds, rather than along the intricate paths devised by merchant bankers, and Rhone-Poulenc's disposal of the bulk of its petrochemical and polymer interests to Elf-Aquitaine is on the grand scale. Rhone-Poulenc will net FFr 1.85bn, FFr 100m of it from BP, which is paying up to raise its stake in Naphtachimie, one of the major companies concerned, from 43 per cent to 50 per cent. It will thus avoid the difficult position of being in a minority to a French state-controlled company.

For Rhone-Poulenc, the cash on top of FFr 470m raised through a rights issue last November, and a similar sum released by the sale of its Paris headquarters. It is welcome relief to a group which has been carrying annual interest charges of over FFr 1bn, a considerable level of income gearing even after last year's rise in net consolidated earnings from FFr 238m to FFr 791m. By shedding its heavy upstream activities it will be free to concentrate on the faster-growing, higher-margin areas of speciality chemicals and pharmaceuticals. As well as reducing debt, the cash will enable it to look around for acquisitions in these fields and perhaps tidy up its fibre side, which is still loss-making despite major surgery.

The petrochemical business makes more sense in the hands of Aquitane than as part of Rhone-Poulenc, which has no access to feedstock of its own. But the price being paid for low-returning assets is high.

Naphtachimie made only FFr 133m of net earnings on FFr 3⅝bn of sales in 1979, an annus mirabilis for the petrochemical industry— and it is hard to imagine that an entirely private sector company would have made Aquitaine's decision. It is perhaps because Aquitaine is liable to act as a state enterprise that its shares, even after their strong advance last year, stand on no more than three times earnings.

MEPC

MEPC's $30m convertible eurobond is not the first such issue by a British company—there was a burst of them in 1977—but it is the first since the end of exchange controls. This means that UK investors can buy the bearer bonds and that the Bank of England is no longer worried lest they amount to a disguised issue of UK equity to foreigners.

MEPC wants dollars, and a dollar liability, to add to the $100m portfolio of U.S. properties which it has built up since 1975. The other advantage of denominating the bond in dollars is that the coupon of 8¼ per cent is ¼ of a point lower than the coupon needed on an equivalent sterling convertible.

The company's share price last night of 218p is close to its 1980 high but the shares are backed by net assets valued at 264p in September 1979. If fully converted the new bond will add roughly 6m shares to the 160m MEPC shares in issue. One feature of this convertible is that a significant proportion of these new shares will end up in the Gulf. Kuwait International Investment Company is jointly organising the issue with Morgan Grenfell, and Kuwaiti banks are underwriting one-third of it.

News International

The formal document setting out the News International restructuring makes clear the balance sheet advantages of the proposed deal to News Corporation, the Australian end of the Murdoch empire. In June, 1979, Corporation showed debt of A$58m compared with equity of A$143m, but borrowings have soared since then—notably because of the purchase of nearly half of Ansett Transport Industries for some A$90m. Now the pro forma consolidation for June, 1980, shows a debt of A$200m (not counting A$40m which may be spent on buying half the special dividend shares from UK holders) against equity of A$244m. Given that International has no net debt, the implication is that Corporation is currently a highly geared animal.

On the basis of 1979-80 profit estimates the document suggests that the new special dividend shares will receive 39 per cent of total corporation dividends compared with International's 34 per cent earnings contribution; and that the effective contribution to net assets is 35 per cent. But the tax charge at International appears to be very high, and the book values of its assets really mean very little.

CGBR

Whitehall's accusing finger on overspending has been pointed mainly at local authorities, but the latest central Government borrowing requirement figures suggest that some of the dirt can be made to stick closer to home. So far this year the consolidated fund deficit is 33 per cent above the 1979-80 level, against a 20 per cent Budget forecast for the financial year as a whole, while the June deficit is exactly doubled. Although there are some mitigating factors in the revised PRT payment timing and last year's distortions due to industrial action, expenditure is well up on budget. The average 25 per cent rise in civil service pay levels is clearly beginning to show through.

Yesterday the Aquitaine share price fell 3 per cent to FFr 1,279, while Rhone-Poulenc advanced from FFr 130 to FFr 137, at which level the historic yield is now marginally below 10 per cent. These shares have now risen from a year's low of FFr 116 despite the loss of nine francs of dividend from the price.

From Rhone-Poulenc's point of view the deal is a happy example of the way in which major French companies (Saint-Gobain and BSN come to mind) are now—after years of over-geared immobility, when they were debilitated by non-tariff barriers and price controls—beginning to realise unwanted assets and find new directions. But that this should be done partly at the expense of Aquitaine shareholders is not going to bring international money flooding to the Bourse.

But, even though public borrowing is on course for a significant overshoot of the targets, the gilt market sailed ahead yesterday, recording new peaks for the year. While a lot of the interest—as usual—came from abroad, it looks as if the market now has the evidence of a deep recession firmly enough in its sights to regard an increase in public spending as acceptable. Meanwhile, the jobbers, having had their accustomed luck in seeing the market fall just ahead of the tender for the new medium tap, may be in the happy position of approaching the Government broker this morning for stock to feed a hungry market.

Ezra plea for coal grants flexibility

SIR DEREK EZRA, chairman of the National Coal Board, yesterday voiced his concern over the Government's timetable for the coal industry to break even.

Asking for some flexibility, he said "We hope that, if we get into a particularly difficult situation, the position would be reviewed."

Operating grants for the state-owned industry are due to be phased out by the 1983-4 financial year under the terms of the Coal Industry Bill now going through Parliament. The Bill also raises borrowing limits and would defer interest payments on new projects.

Sir Derek said the limits had been negotiated with the Government when the economy was "not so bad." Now interest rates had risen substantially, yet the Board wanted to maintain its high level of investment. "We are getting a little bit squeezed."

Government financial policy toward the nationalised industries has been under attack generally in recent months. The Post Office and British Rail have said that the restrictions could cause problems, and other state industries have been lodging complaints with their Ministers. More recently, the Government has had to admit that it cannot hold the loss-making British Steel Corporation to its break-even target.

Sir Derek was speaking after his annual address to the National Union of Mineworkers conference in Eastbourne. During his speech he was frequently interrupted by South Wales miners, and by delegates who were called to order by Mr. Joe Gormley, the union's president.

Without referring to the 35 per cent pay claim adopted by the conference on Tuesday, Sir Derek said the Board had short-term problems, because of weak markets. But prospects looked much brighter after about 1985 when demand would pick up.

As a gesture to the heckling, Sir Derek added one aside on wages: the Board would "make sure that people employed in the industry are remunerated in a way to keep them top of the earnings league."

The conference had earlier unanimously carried a resolution demanding subsidies on coal and coke and threatening industrial action against pit closures.

Looking forward to the publication of the Board's annual accounts at the end of the month, Sir Derek said the industry had broken even in 1979-80 after interest charges and grants. The Board was also on target so far for the new financial year.

He said the fruits of investment over the last five years were showing through. By the end of the last year, productivity was more than 4 per cent better than the previous year, deep-mined output had risen by 3.8m tonnes and sales were up by 10m tonnes to 125m.

Total sales next year would be about 121m tonnes, leaving between 3m and 4m tonnes to be added to stocks.

Closures Action Sought Page 9

German groups seized

Financial Times Reporter

FIVE WEST GERMAN pharmaceuticals companies operating in Iran have had their interests taken over by the state. The pharmaceutical sector is the most profitable still operating in the Iranian economy.

The West German Pharmaceuticals Association said last night that German directors of the local Iranian operations had been forced to withdraw. Their control over company bank accounts and stocks had been removed and some German executives had been prevented from entering company premises. The companies hit by the sudden nationalisation are Hoechst, Bayer, Schering, Merck, and a joint operation of Boehringer-Mannheim and Grunenthal. West German companies in joint ventures dominated the local pharmaceutical market. Last year, the five companies had a combined turnover from local manufacture in Iran of some DM 100m (£24m) although this output was supplemented by imports of drugs from West Germany. Bayer said yesterday that three Iranians had turned up at the offices of its Iranian pharmaceuticals subsidiary and introduced themselves as new members of the company board. They claimed the authority of the Iranian Ministry for Industry.

Hoechst said its pharmaceuticals operation in Tehran had been "occupied," and that the production director was urgently advised not to appear at the premises "for safety reasons." Hoechst also has a dyestuffs factory in Iran.

Its total sales in Iran last year were some DM 160m and it still has around 640 employees in the country, though only four are Germans. According to Schering, an Iranian official arrived at its Tehran offices yesterday to take over the company. But he allowed the local German management to stay and asked for their support. Merck (Darmstadt) is sending an executive to Tehran to try to establish what happened to the local company. It said yesterday that three officials of the Iranian Health Ministry arrived to take over the business last week.

The German Pharmaceuticals Association has already appealed to West German Foreign and Economics Ministries for help in protecting German companies' interests in Iran.

Revolution runs into the sands, Page 22

Weather

UK TODAY

CLOUDY with rain, becoming brighter. Cool.

London, S.E. and E. England

Cloudy. Rain in places becoming brighter.

C.S. England, Midland, N.W. and C.N. England

Sunny intervals. Showers.

Wales, Channel Is., Lakes, I. of Man, S. Scotland, N. Ireland

Mainly dry, sunny periods.

N.E. England, Borders, N.E. Scotland

Sunny intervals. Showers. Cool. Max. 14C (57F).

Outlook: Continuing unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	London	R	14	57
Algiers	S	27	81	Luxmbg.	C	13	55
Amsdm.	C	16	61	Luxor	S	38	100
Athens	S	30	86	Madrid	S	18	64
Bahrein	S	36	97	Majorca	S	23	73
Barclna.	F	21	70	Malaga	S	28	82
Belfast	C	16	61	Malta	S	29	84
Belgrd.	S	31	88	M'chstr	S	14	57
Berlin	C	21	70	Melbne.	R	9	48
Biarritz	C	14	57	Milan	C	15	59
Bmghm.	C	14	57	Mntreal.	S	22	71
Blackpl.	C	14	57	Moscow	S	23	73
Bordx.	C	18	64	Munich	R	13	55
Boulgn.	R	13	55	Nairobi	C	22	72
Bristol	C	16	61	Naples	S	30	86
Brussels	C	15	59	Nwcstl.	C	14	57
Budpst.	F	28	82	N. York	S	27	80
Cairo	S	34	93	Nice	S	24	75
Cardiff	C	16	61	Nicosia	S	28	82
Cas'b'ca	C	23	73	Oporto	S	21	70
Cape T.	S	15	59	Oslo	C	22	72
Chicago	C	23	73	Paris	C	14	57
Cologne	R	16	61	Perth	C	17	62
Cpnhgn.	S	20	68	Prague	R	16	61
Corfu	S	29	84	Reykjvk.	C	13	55
Dublin	C	15	59	Rhodes	S	28	82
Dbrvnk.	F	29	84	Rio J'o	S	25	77
[illegible]	S	25	77	Rome	F	25	77
[illegible]	R	19	66	Salzbrg.	R	13	55
[illegible]	C	16	61	Singapr.	C	31	87
[illegible]	C	22	72	Stckhm.	F	21	70
[illegible]	R	15	59	Sydney	S	14	57
[illegible]	F	15	59	Tangier	F	22	72
[illegible]	C	17	63	Tehran	S	29	84
[illegible]	F	22	72	Tel Aviv	S	27	81
[illegible]	S	32	90	Tenerife	S	22	72
[illegible]	[illegible]	13	55	Tokyo	R	20	68
[illegible]	[illegible]	12	54	Toronto	C	21	71
[illegible]	[illegible]	16	61	Tunis	S	35	85
[illegible]	[illegible]	[illegible]	84	Velencia	S	25	77
[illegible]	[illegible]	[illegible]	55	Venice	R	20	68
[illegible]	[illegible]	[illegible]	73	Vienna	F	22	72
[illegible]	[illegible]	[illegible]	72	Warsaw	F	21	70
[illegible]	[illegible]	[illegible]	54	Zurich	R	12	54

[illegible]—Fair. Fg—Fog. R—Rain. Sl—Sleet. Sn—Snow.

Carter, Hua in Afghan talks

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

AFGHANISTAN and Indo-China are expected to head the agenda at today's historic meeting between President Jimmy Carter and Premier Hua Guofeng of China.

The two men, who came to Tokyo yesterday to attend the public memorial service for Mr. Masayoshi Ohira, the late Prime Minister, will be meeting for the first time. The fact that they are doing so in Japan is regarded in some quarters here as symbolic of the common front that appears to be emerging between the three nations, particularly with regard to the Soviet Union.

The establishment of such a "front" is known to be a prime object of Chinese foreign policy. Japan on the other hand regards a "triple alliance" with the U.S. and China with apprehension since it does not wish to force the Soviet Union into what it sees as potentially dangerous isolation.

President Carter's meeting with Mr. Hua will last for less than one hour, or for under 30 minutes if allowance is made for interpretation. The two men will therefore barely be able to touch on topics of common interest. The meeting could, however, be a first step towards further contacts.

Even if not, it is likely to be watched with apprehension by the Russians. Soviet coolness towards Japan has been emphasised by the fact that the senior official at the memorial service yesterday afternoon was the Russian Ambassador in Tokyo. Most other major countries have sent heads of government or senior ministers.

While the U.S. has made use of the memorial service as an opportunity to further its foreign policy objectives in the Far East, western European countries appear to be concentrating on bilateral trade problems.

The EEC's Commissioner for External Relations, Mr. Wilhelm Haferkamp, is expected to discuss the deteriorating EEC-Japan trade relationship with officials at the Ministry of International Trade and Industry (MITI) today before lunching with the Minister, Mr. Sasaki.

Count Otto Lambsdorff, the West German Economics Minister, also discussed bilateral trade problems with Japanese trade officials.

Mr. Reuben Askew, President Carter's Special Trade Representative, is not in Tokyo for the funeral, implying an American decision to avoid maximum emphasis on trade issues. Another notable omission is any meeting between President Carter and the South Korean Premier, Mr. Choi Kyu Hah. This appears to be a deliberate expression of U.S. disapproval of the political stance of the present South Korean Government.

Continued from Page 1

Government spending

The recession has yet to make much impact and the immediate problem is one of control. Between April and June, consolidated fund expenditure, the largest component of central Government spending, was nearly 27 per cent higher than in the same period last year, compared with a rise of 20 per cent projected for the whole of 1980-81 in the March Budget.

There may have been a change in the pattern of spending within the financial year, possibly because tight cash limits prevented the usual bunching of spending at the end of 1979-80. Even allowing for this, defence spending clearly poses big problems.

Central Government revenue has fallen slightly short of expected levels—up about 17 per cent between April and June, compared with a projected rise for 1980-81 of 20 per cent. However, comparisons with receipts for 1979-80 are complicated by the civil service dispute a year ago and the revised timing of payments of Petroleum Revenue Tax now due in September and March.

These factors affect comparisons of central Government borrowing. The Treasury also points out that borrowing is usually high from April to June. But this quarter's share of the expected total is much higher this year—48.5 per cent—than in the past. The average has been between a third and two-fifths: last year's 46 per cent was partly offset by the exceptional receipts from forward sales of oil and other assets in 1979-80.

Local authorities have contributed little to central Government borrowing so far in 1980-1981. This may be because they have been raising funds from the City financial markets, which would count within the overall total of public sector borrowing

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